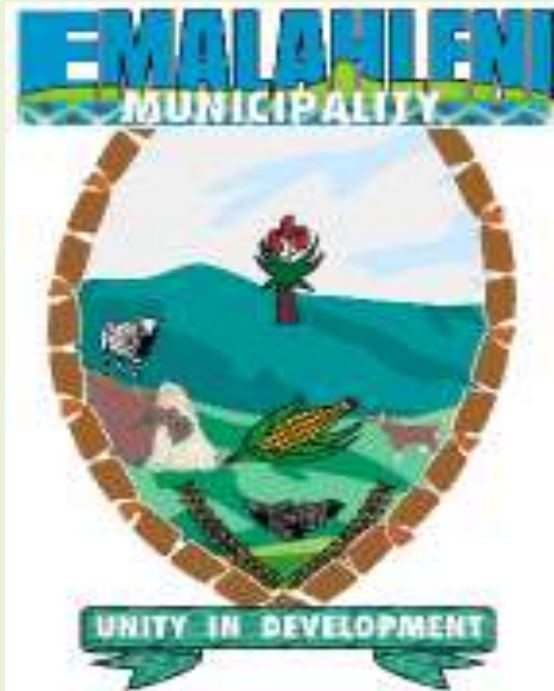


2013/2014

## EMALAHLENI LOCAL MUNICIPALITY

# ANNUAL REPORT Volume I



MARCH 2015

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## REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the Municipal Finance Management Act (MFMA) 2003, Circular Number 11 issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 and 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;

- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury  
July 2012

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

On behalf of the Collective, Councillors, Administration, businesses, service providers and contractors and most importantly communities of Emalahleni Municipal Area, we hereby take the opportunity to present Audited Annual Report (AAR) for the financial year 2013/2014, which ended 30<sup>th</sup> June 2014. The AAR reflects the municipal performance on the execution of mutually agreed objectives, key performance areas and targets. In addition to this, the AAR provides a platform to key stakeholders to engage and make valuable inputs and comments on how the municipality has performed in the financial year under review.

The AAR will be subjected to Municipal Public Accounts Committee (MPAC) as well as Audit Committee (AC) for scrutiny, and after this process an oversight reports of both committees are presented to Council towards the end of January 2015. The oversight by both MPAC and AC is premised on various pieces of Local Government Legislation. Furthermore the mandate of Emalahleni Municipal Council is derived from the South African Constitution 1996 (Chapter 7 states the object of local government).

However each municipality is unique in the sense that each community or ward has different and complex needs and priorities to elected Municipal Council and or public representatives. These needs and priorities from communities are gathered during Road Shows when preparing the drafting of Integrated Development Plan (IDP) and Municipal Budget processes. IDP is a principle forward planning tool for our dynamic and vibrant municipality, which forms the basis for service delivery and performance management. Our Municipal Council has resolved to provide services to all communities within the boundaries of Emalahleni Municipal Area.

The AAR reflects on our success stories during the year under review as well as some shortcomings that relate to our political mandate as enshrined in Local Government focus areas as detailed below:

- Building an administration (municipality) that is efficient, effective and responsive;
- Strengthen accountability and promote clean municipal administration;
- Accelerating service delivery and supporting the needy;
- Promoting economic and social development; and
- Nurturing partnerships, social cohesion and community development.

The aforementioned political mandate can be realised on proviso that all key and relevant stakeholders work together towards shared vision, implementation of Audit Action Plan and

approved municipal plans and strategies. The synergy among stakeholders requires a high level of ethical code of conduct and discipline in order to strengthen accountability.

In the final analysis the Municipal Council must ensure that its most valuable resources are highly valued and supported for example through training and development, personal development plans, career-path, Employment Assistance Programmes to mention just a few.

Equally important, Councillors must direct their efforts on the mandates given by their respective political parties. As Councillors we must acknowledge different political ideologies and use same as our competitive advantage to build a responsive and accountable municipality.

The financial year under review the municipality has complied and abided to its vision and mission to bring a better life for all. We have endeavored with the administration to address the needs and priorities of communities expressed in the IDP. Visible improvement in terms of service delivery is confirmed by reports submitted to relevant departments and we endeavour to sustain and build upon that.

We as Collective, Councillors and officials of Emalahleni Municipal Council are looking forward to excellent outputs and sustainable service delivery to all communities of Emalahleni in 2015. As we begun the activities of Council in July 2014 which culminated with the tabling of final AAR and Audit Action Plan at the end of January 2015, to be subsequently followed by the conclusion of Mayoral Outreach, Imbizos and Public Participation Programmes that commenced in December 2014. We must also remember that 2015 is the final full year for the current Council because in 2016 local government elections will be held where new Councils are constituted, "therefore we must work harder as if there is no tomorrow in order to realize the noble vision of our emerging and developing municipality."

---

CLLR NOMVELISO NYUKWANA

HONORABLE MAYOR

*T 1.0.1*

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

The Audited Annual Report (AAR) for 2013/2014 financial year is compiled in accordance with Section 46 of the *Local Government: Municipal Systems Act 2000 (Act 32 of 2000)* as amended. Section 127(2) of the *Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003)*, as well as accompanying National Treasury Circulars, Templates and Guidelines. For example, *MFMA Circular Number 63*, issued in September 2012, provided further guidance to the preparation of municipal annual reports, requiring all municipalities to report within the established framework and for such reports to be submitted to the Auditor General at the same time as the Annual Financial Statements in August of each year.

The AAR presents the overall performance and progress made by Emalahleni Municipal Council in the fulfilment of strategic goals, objectives, key performance areas, key performance indicators, quarterly and annual targets enshrined in the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review as well as Directorate Scorecards.

The administration of Emalahleni Municipal Council wishes to acknowledge the challenges, achievements and progress made in implementing the findings raised in the Management Report and Audit Action Plan from the Office of the Auditor General Eastern Cape for 2013/2014 financial year. We further appreciate the unwavering support received from the Collective, Councillors, political leadership of the ruling party and most importantly from fellow colleagues and employees. We are confident that the positive interaction moving forward between administration and elected public representatives needs to be nurtured.

The administrative and political interface creates cohesion with other key stakeholders for example the labour and communities. Emalahleni Municipal Council has approved IDP with a practical vision and mission statement that directly respond to matters of service delivery, local economic development, job creation, infrastructure development, electrification of villages and surrounding farm areas, water and sanitation. Our vision, mission statement and core values guide the daily activities of Emalahleni Local Municipality.

The year under review had its fair share of successes and challenges from an administrative perspective. Furthermore Municipal Council has over the years strived towards realisation of its noble vision to be "a responsive, people-centred and developmental municipality" which:

- Promotes a culture of good governance;
- Provides effective and efficient municipal administration;



- Invests in the development and retention of human capital to service the municipality;
- Promotes social and equitable economic development;
- Ensures municipal financial viability and sustainability;
- Creates a safe, healthy and anaesthetic environment; and
- Places Batho-Pele principles at the centre of service delivery.

Emalahleni Municipal Council has continued to sustain a sound relationship with other organs of state, especially Chris Hani District Municipality and the provincial administration under-which Emalahleni Local Municipality falls under. The sound relationship augurs well as Emalahleni Municipal Council works toward provision of effective service delivery on a sustainable manner possible. IDP Representative Forum, Sector Departments, Intergovernmental Relations and Ward Committees are the key tools in ensuring that public participation across Emalahleni Municipal Area is not just a “lip-service but a reality.”

While the formal sector is generally well serviced with regards to basic services, the Municipal Council with the assistance from the Department of Human Settlements is making resources available to newly identified human settlements to be adequately serviced. The rapid growth of urban centres in our three (3) towns namely Lady Frere (head office), Dordrecht and Indwe Administrative Units is exerting fair amount of pressure on the municipality to increase its capacity in order to respond to the service demands from communities. Ageing and debilitating bulk infrastructure is exerting pressure on the resources and ability of the municipality to deliver efficient and effective services to all communities.

Emalahleni Municipal Council has since the fourth local government elections held in 2011 approved a credible IDP coupled with annual municipal cash-backed budget guided in terms of medium term revenue and expenditure framework principles (MTREF). Emanating from IDP and municipal budget as planning instruments, the Municipal Council developed a high level SDBIP which is nothing more than twelve (12) months plan to implement an approved IDP and Budget on the basis of cash-flow projections. SDBIP is indeed a plan that aligns the IDP and Budget in terms of cash flow projections for each Directorate Vote.

As administration we can confidently acknowledge upfront the challenges identified in the Management Report and Audit Action Plan has been adequately addressed through intensive consultation and engagement with Councillors, Administration and labour.

The year under review (2013/2014) financial, Emalahleni Municipal Council has filled all vacant and budgeted positions especially critical posts at both top and middle management respectively and reports submitted to Council are the testimony of the assertion.

Furthermore administration will continue to ensure that the vacancy rate is reduced and that posts are filled with qualified, competent and experienced incumbents. It is the view of

administration that Emalahleni Municipal Council should rely less on utilisation of consultants and service providers to undertake functions that should have been performed by employed staff.

We convey our gratitude of appreciation to everyone who worked so hard and giving support in the preparation of AAR and Audit Action Plan for financial year 2013/2014. We further commit administration that we are going to work even harder in order to obtain clean administration, as we have achieved a milestone in 2013/2014 financial year of taking the municipality out of a quagmire of a disclaimer over seven years to a qualified audit opinion.

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DR SITEMBELE WISEMAN VATALA

MUNICIPAL MANAGER

*T 1.1.1*

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

## INTRODUCTION TO BACKGROUND DATA

T 1.2.1

## 1.2.1 Population

The population statistics used to compile the 2013/2014 annual report are based on the latest available data from Statistics South Africa. These figures vary slightly from those used to compile the reviewed IDP 2013/2014 and are the same as 2012/2013 annual report.

Emalahleni has the fourth largest population with a total of 119,460 (14% of the district) in the Chris Hani district and extends over an area of approximately 3 840 square kilometers, includes more than 200 rural villages and comprises seventeen (17) wards. The seat of the Municipality is Lady Frere.

Growth trend analysis shows that Emalahleni population had a marginal growth of between 2% to 5% over the last 5 years. The marginal growth could be attributed to a variety of factors such as death, poverty, HIV and AIDS and/or family planning.

According to statistics released by ECSECC, about 47% of the population earns just under R3500.00 and 13% of the population lives under the bread line and would therefore not be able to afford housing or other services and rely on state subsidies. Emalahleni can be classified as a low wage economy which is a factor of low or negative growth. This fact will be dealt with throughout the report.

The population figures provided here are based on the 2001 and 2011 Census data as provided by Statistics South Africa.

Data (graphs and tables) will be used to compare Emalahleni Local Municipality against the national demographics.

## 1.2.2 Sex and Age Distribution

Using the 2001 Census data, the population is estimated to be 121 822 people.

Population Details									
Population '000									
Age	2011			2012			2013		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	7 242	7 086	14 328	7 175	6 939	14 114	7 431	7 187	14 619
Age: 5 - 9	7 578	7 083	14 661	7 410	6 939	14 349	7 675	7 187	14 862
Age: 10 - 19	14 529	13 023	27 552	14 349	12 820	27 169	14 862	13 279	28 141

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1414 1415 1416 1417 1418 1419 1420 1421 1422 1423 1424 1425 1426 1427 1428 1429 1430 1431 1432 1433 1434 1435 1436 1437 1438 1439 1440 1441 1442 1443 1444 1445 1446 1447 1448 1449 1450 1451 1452 1453 1454 1455 1456 1457 1458 1459 1460 1461 1462 1463 1464 1465 1466 1467 1468 1469 1470 1471 1472 1473 1474 1475 1476 1477 1478 1479 1480 1481 1482 1483 1484 1485 1486 1487 1488 1489 1490 1491 1492 1493 1494 1495 1496 1497 1498 1499 1500 1501 1502 1503 1504 1505 1506 1507 1508 1509 1510 1511 1512 1513 1514 1515 1516 1517 1518 1519 1520 1521 1522 1523 1524 1525 1526 1527 1528 1529 1530 1531 1532 1533 1534 1535 1536 1537 1538 1539 1540 1541 1542 1543 1544 1545 1546 1547 1548 1549 1550 1551 1552 1553 1554 1555 1556 1557 1558 1559 1560 1561 1562 1563 1564 1565 1566 1567 1568 1569 1570 1571 1572 1573 1574 1575 1576 1577 1578 1579 1580 1581 1582 1583 1584 1585 1586 1587 1588 1589 1590 1591 1592 1593 1594 1595 1596 1597 1598 1599 1600 1601 1602 1603 1604 1605 1606 1607 1608 1609 1610 1611 1612 1613 1614 1615 1616 1617 1618 1619 1620 1621 1622 1623 1624 1625 1626 1627 1628 1629 1630 1631 1632 1633 1634 1635 1636 1637 1638 1639 1640 1641 1642 1643 1644 1645 1646 1647 1648 1649 1650 1651 1652 1653 1654 1655 1656 1657 1658 1659 1660 1661 1662 1663 1664 1665 1666 1667 1668 1669 1670 1671 1672 1673 1674 1675 1676 1677 1678 1679 1680 1681 1682 1683 1684 1685 1686 1687 1688 1689 1690 1691 1692 1693 1694 1695 1696 1697 1698 1699 1700 1701 1702 1703 1704 1705 1706 1707 1708 1709 1710 1711 1712 1713 1714 1715 1716 1717 1718 1719 1720 1721 1722 1723 1724 1725 1726 1727 1728 1729 1730 1731 1732 1733 1734 1735 1736 1737 1738 1739 1740 1741 1742 1743 1744 1745 1746 1747 1748 1749 1750 1751 1752 1753 1754 1755 1756 1757 1758 1759 1760 1761 1762 1763 1764 1765 1766 1767 1768 1769 1770 1771 1772 1773 1774 1775 1776 1777 1778 1779 1780 1781 1782 1783 1784 1785 1786 1787 1788 1789 1790 1791 1792 1793 1794 1795 1796 1797 1798 1799 1800 1801 1802 1803 1804 1805 1806 1807 1808 1809 1810 1811 1812 1813 1814 1815 1816 1817 1818 1819 1820 1821 1822 1823 1824 1825 1826 1827 1828 1829 1830 1831 1832 1833 1834 1835 1836 1837 1838 1839 1840 1841 1842 1843 1844 1845 1846 1847 1848 1849 1850 1851 1852 1853 1854 1855 1856 1857 1858 1859 1860 1861 1862 1863 1864 1865 1866 1867 1868 1869 1870 1871 1872 1873 1874 1875 1876 1877 1878 1879 1880 1881 1882 1883 1884 1885 1886 1887 1888 1889 1890 1891 1892 1893 1894 1895 1896 1897 1898 1899 1900 1901 1902 1903 1904 1905 1906 1907 1908 1909 1910 1911 1912 1913 1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232

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## TOTAL POPULATION BY PROVINCE – CENSUS 1996, 2001 AND CS 2007 – SA 2007 COMMUNITY SURVEY

Provinces	Census 1996	Census 2001	% Change	CS 2007	% Change
Eastern Cape	6 302 525	6 278 651	2,1	6 527 747	4,0
Free State	2 633 504	2 706 775	2,8	2 773 059	2,4
Gauteng	7 348 423	9 178 873	20,4	10 451 713	13,9
KwaZulu-Natal	8 417 021	9 584 129	11,8	10 259 230	7,0
Limpopo	4 929 368	4 995 534	9,2	5 238 286	4,9
Mpumalanga	2 800 711	3 365 885	7,7	3 643 435	8,2
Northern Cape	840 321	991 919	-2,0	1 058 060	6,7
North West	3 354 825	3 193 676	8,8	3 271 948	2,5
Western Cape	3 956 875	4 524 335	14,3	5 278 585	16,7
<b>South Africa</b>	<b>40 583 573</b>	<b>44 819 778</b>	<b>10,4</b>	<b>48 502 063</b>	<b>8,2</b>

- The census results showed that the population of South Africa increased from 40.5 million in 1996 to 44.8 million in 2001. The Community Survey has returned an estimated population of 48.5 million, showing an overall increase of 8.2% since 2001.
- The above figures are based on the new boundaries.
- The largest percentage/rate of increase in population between 2001 and 2007 was in Western Cape with 16.7%, followed by Gauteng with 13.9%.
- Eastern Cape, Free State and North West experienced an increase of less than 5%.

Key Statistics	2001	2011
Total population	121,822	119,460
Young (0-14)	40,4%	35,1%
Working Age (15-64)	55%	55%
Elderly (65+)	8,4%	9,9%
Dependency ratio	95,5%	81,8%
Sex ratio	85,8	90,1
Growth rate	-1,4% (2001-2011)	-0,2% (2001-2011)
Population density	N/A	35 persons/km2
Unemployment rate	68,3%	46,3%
Youth unemployment rate	79,1%	55,3%
No schooling aged 20+	41,5%	18,8%
Higher education aged 20+	4,5%	3,8%
Matric aged 20+	5,6%	11%
Number of households	27,280	31,681
Average household size	4,4	3,7
Female headed households	57,5%	53,8%
Formal dwellings	54,3%	56,1%

Provinces	Census 1996	Census 2001	% Change	CS 2007	% Change
Eastern Cape	6 302 525	6 278 651	2,1	6 527 747	4,0
Free State	2 633 504	2 706 775	2,8	2 773 059	2,4
Gauteng	7 348 423	9 178 873	20,4	10 451 713	13,9
KwaZulu-Natal	8 417 021	9 584 129	11,8	10 259 230	7,0
Limpopo	4 929 368	4 995 534	9,2	5 238 286	4,9
Mpumalanga	2 800 711	3 365 885	7,7	3 643 435	8,2
Northern Cape	840 321	991 919	-2,0	1 058 060	6,7
North West	3 354 825	3 193 676	8,8	3 271 948	2,5
Western Cape	3 956 875	4 524 335	14,3	5 278 585	16,7
<b>South Africa</b>	<b>40 583 573</b>	<b>44 819 778</b>	<b>10,4</b>	<b>48 502 063</b>	<b>8,2</b>

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- The above figures are based on the new boundaries.
- The largest percentage/rate of increase in population between 2001 and 2007 was in Western Cape with 16.7%, followed by Gauteng with 13.9%.
- Eastern Cape, Free State and North West experienced an increase of less than 5%.

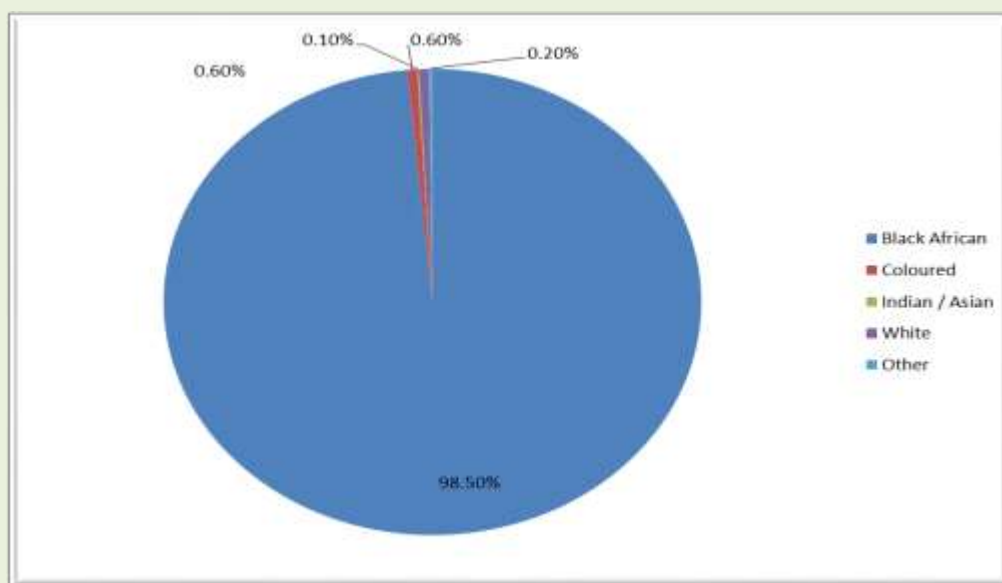
Key Statistics	2001	2011
Housing owned/paying off	51,7%	61,3%
Flush toilet connected to sewerage	3,4%	11,8%
Weekly refuse removal	10,4%	8,3%
Piped water inside dwelling	2,9%	8,7%
Electricity for lighting	45%	78,5%
<i>Source: Statistics SA (2011 Census) with an average 3.58% growth rate per annum applied T1.2.4</i>		

## People

According to Census 2011, the Emalahleni Local Municipality has a total population of 119 460, of which 98.5% are black African, with the other population groups making up the remaining 1.5%. Of those 20 years and older, 6.7% have completed primary school, 29.9% have some secondary education, 11.0% have completed matric, and 3.8% have some form of higher education.

### 1.2.3 Population Groups

Group	Percentage
Black African	98.50%
Coloured	0.60%
Indian / Asian	0.10%
White	0.60%
Other	0.20%

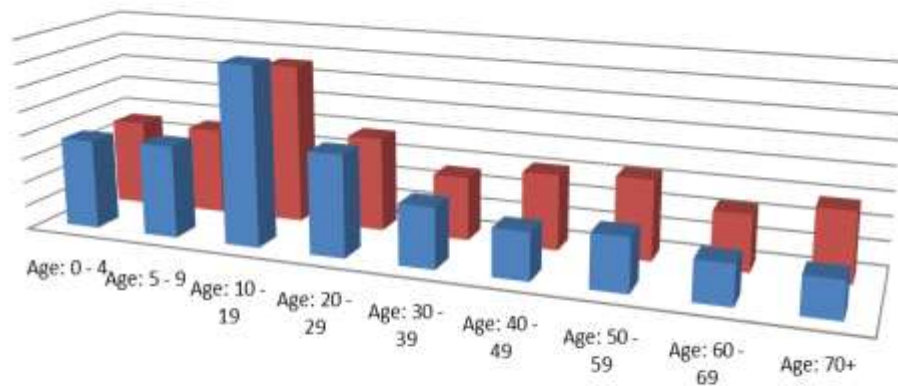


### 1.2.4 Age and Gender Distribution

The graphs below reflect the 2001 and 2011 Census statistics and provide an age-gender distribution analysis.

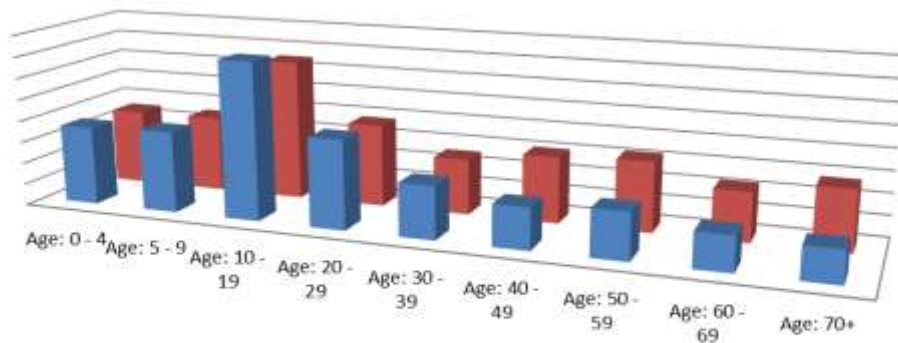
This situation reflects the high levels of poverty and unemployment that are experienced throughout the municipal area with its concomitant effect on revenue generation and service delivery.

### 2001 AGE & GENDER DISTRIBUTION



	Age: 0 - 4	Age: 5 - 9	Age: 10 - 19	Age: 20 - 29	Age: 30 - 39	Age: 40 - 49	Age: 50 - 59	Age: 60 - 69	Age: 70+
■ 2001 Male	7431	7675	14862	8406	4995	3898	4386	3289	3046
■ 2001 Female	7187	7187	13279	7797	5238	6213	6578	4629	5726

### 2011 AGE & GENDER DISTRIBUTION



	Age: 0 - 4	Age: 5 - 9	Age: 10 - 19	Age: 20 - 29	Age: 30 - 39	Age: 40 - 49	Age: 50 - 59	Age: 60 - 69	Age: 70+
■ 2011 Male	7287	7526	14574	8243	4898	3823	4301	3225	2987
■ 2011 Female	7048	7048	13021	7645	5137	6092	6451	4539	5615

The age groups of 0 to 4; 5 to 14; 10 to 19 and 20 to 29 years old show a slant towards males being in the majority. However this trend does not continue through into the economically active age groups and it is widely accepted that this is caused by the tendency



of the majority of males to seek better schooling or employment opportunities in developed urban centers outside the municipal jurisdiction.

Females form the greater portion of the economically active population in the 30 to 59 year bracket. This directs the strategic planning of the municipality to focus on increasing involvement opportunities within local economic development and local initiatives for this group.

In support of the above trend it can further be seen that within the elderly population age group (60 years and older), women dominate by 9% as compared with 5% for males.

While women account for 15% of the age group 30 to 59 years, males only account for 11% of the population within the same age group. This impacts negatively on the local labour market and the potential workforce and needs to be taken into account as it deprives the local labour market of its potential workforce.

Efforts to encourage members of the economically active population and retired (but economically independent population) must be encouraged and built into the strategic objectives of the municipality for future growth and sustainability.

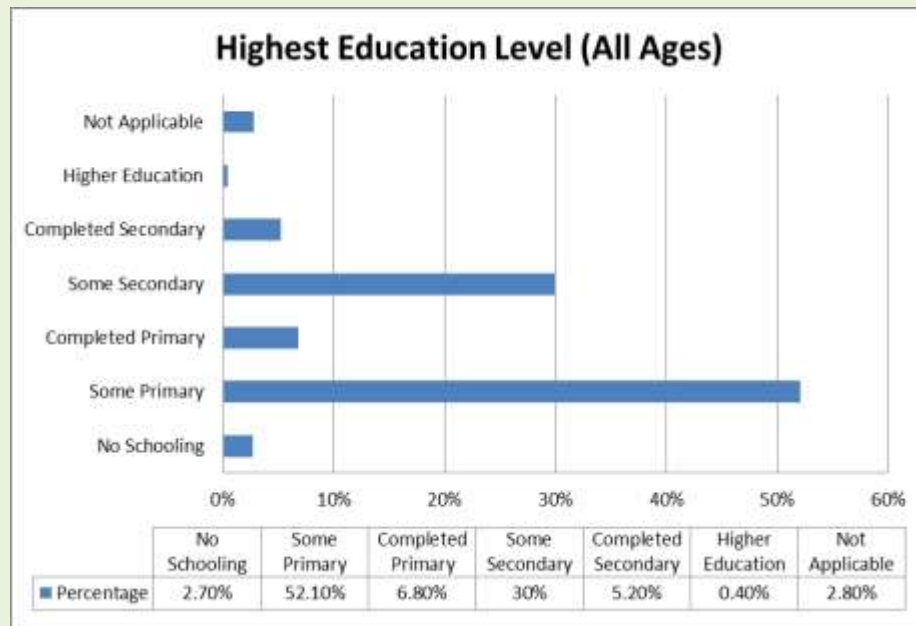
### **1.2.5 Education and Skills.**

The graph below shows a very steady improvement on pupils aged 20+ who have completed grade seven (7) (source SSA Census 2011).

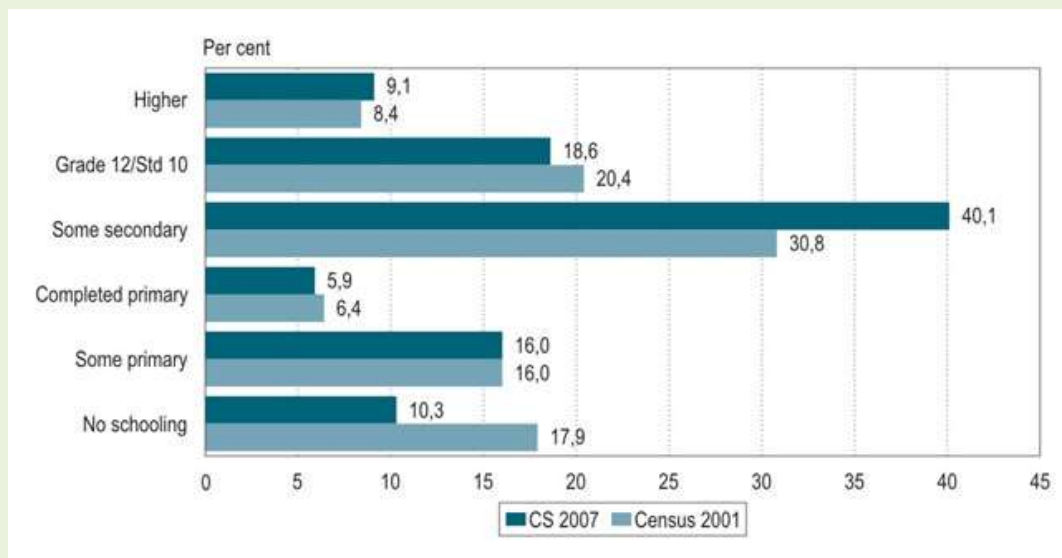
According to the Statistics South Africa 2011 report, about 2.7% of the entire population of Emalahleni Local Municipality has no schooling, 52.1% has some primary education. About 6.8% of ELM population has completed primary education.

30% of the population of ELM has some secondary schooling, whilst only 5.2% have completed their education schooling. Only 0.4% of the total population of ELM has higher education qualification.

As indicated on the graph below, the levels of educational attainment are very low. This situation presents a major challenge for future economic growth because essential skills for growing the economy are limited and will be further reduced by this situation in which half the population has no vocational schooling at all.



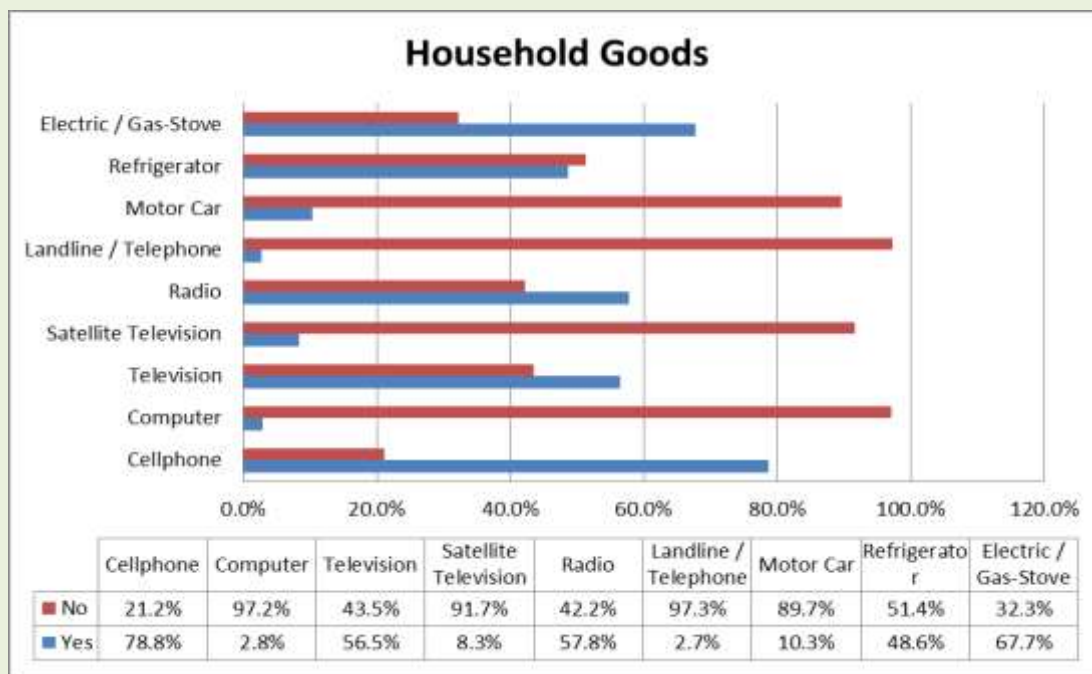
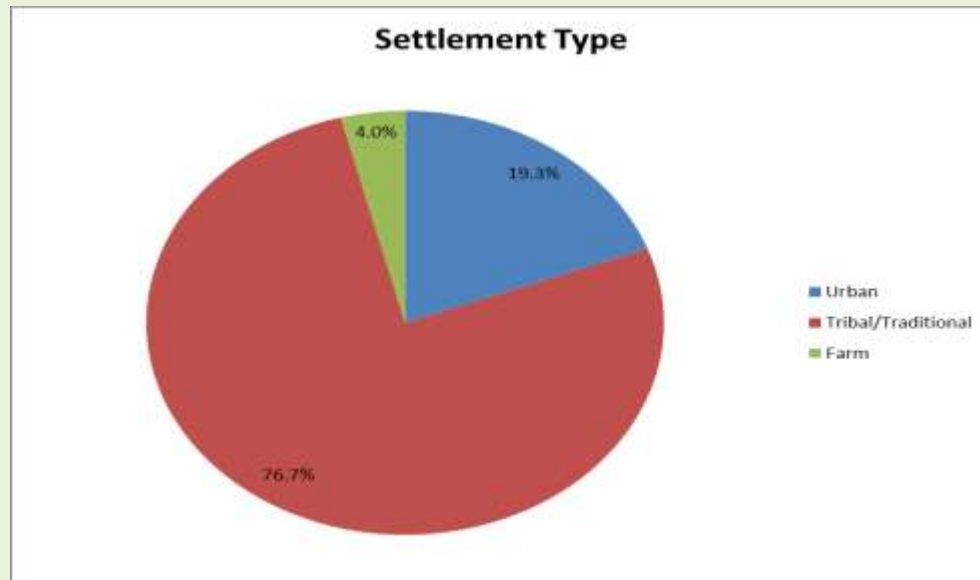
**PERCENTAGE DISTRIBUTION OF POPULATION AGED 20 YEARS AND OLDER BY HIGHEST LEVEL OF EDUCATION – SA 2007 COMMUNITY SURVEY**



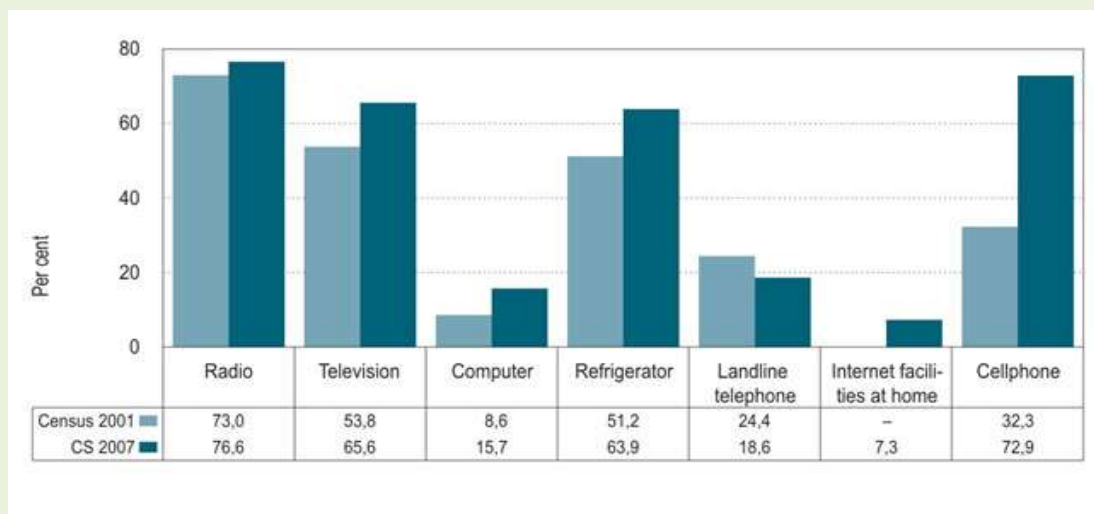
- The above graph depicts no significant change since 2001 in the percentage of the population aged 20 years and older who have completed a secondary and/or higher level of education.
- Almost 28% of the population aged 20 years and older has completed at least secondary education.
- The graph also shows that the percentage of the population aged 20 years and older with no schooling has declined from 17.9% in 2001 to 10.3% in 2007.

### 1.2.6 Living Conditions

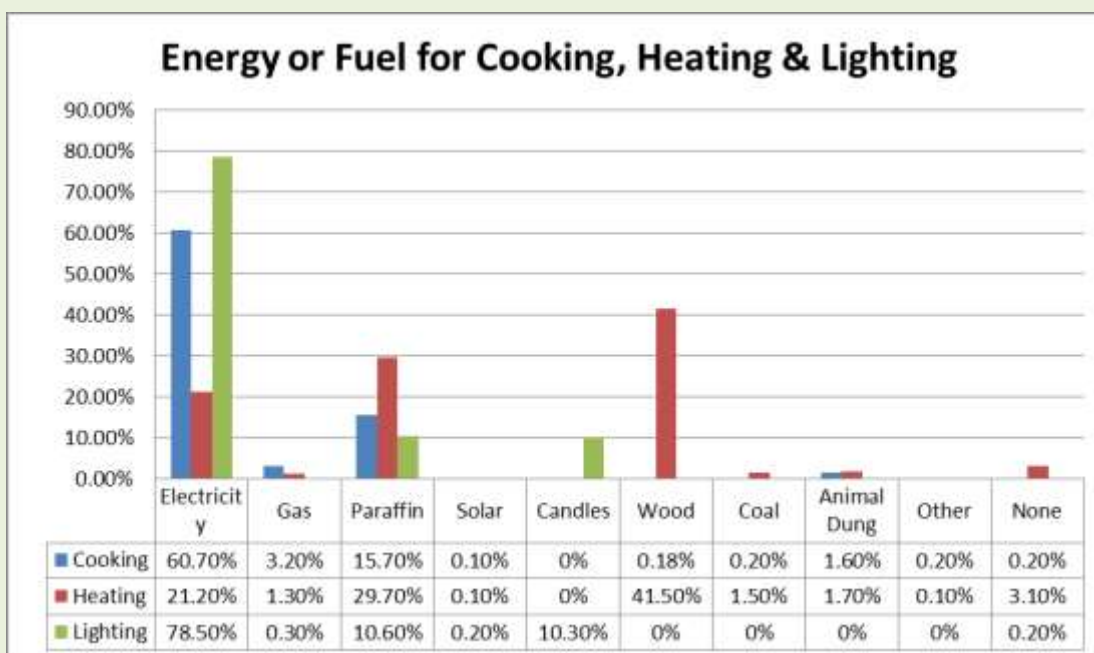
There are 31 681 households in the municipality, with an average household size of 3.7 persons per household. 29.2% of households have access to piped water inside dwelling/institution or in their yard; most households (45.5%) access piped water on a community stand less than 200m from the dwelling. 7.4% of households do not have access to piped water.



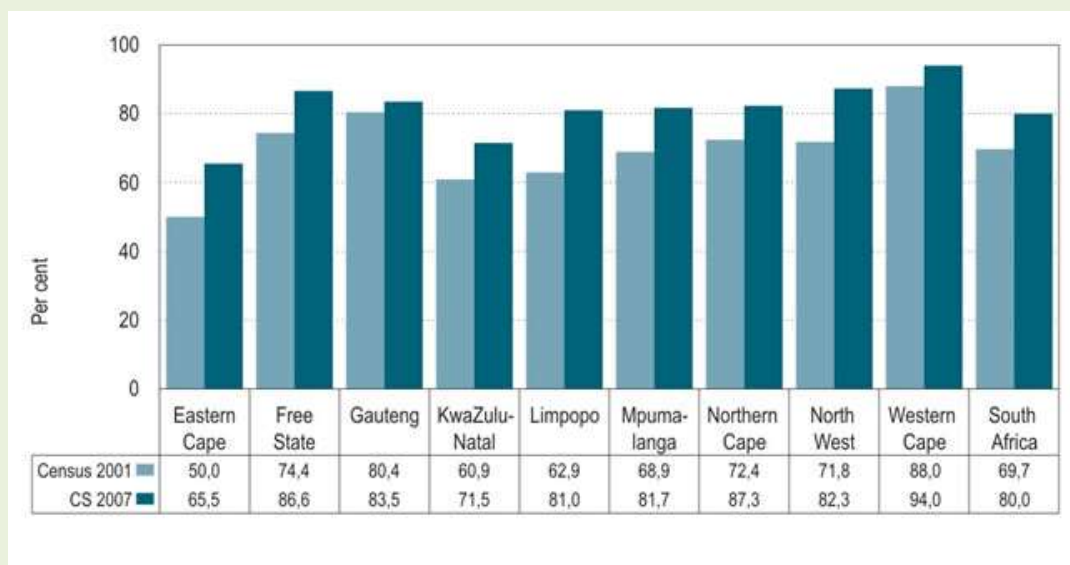
## PERCENTAGE OF HOUSEHOLDS WITH HOUSEHOLD GOODS IN WORKING ORDER – SA 2007 COMMUNITY SURVEY



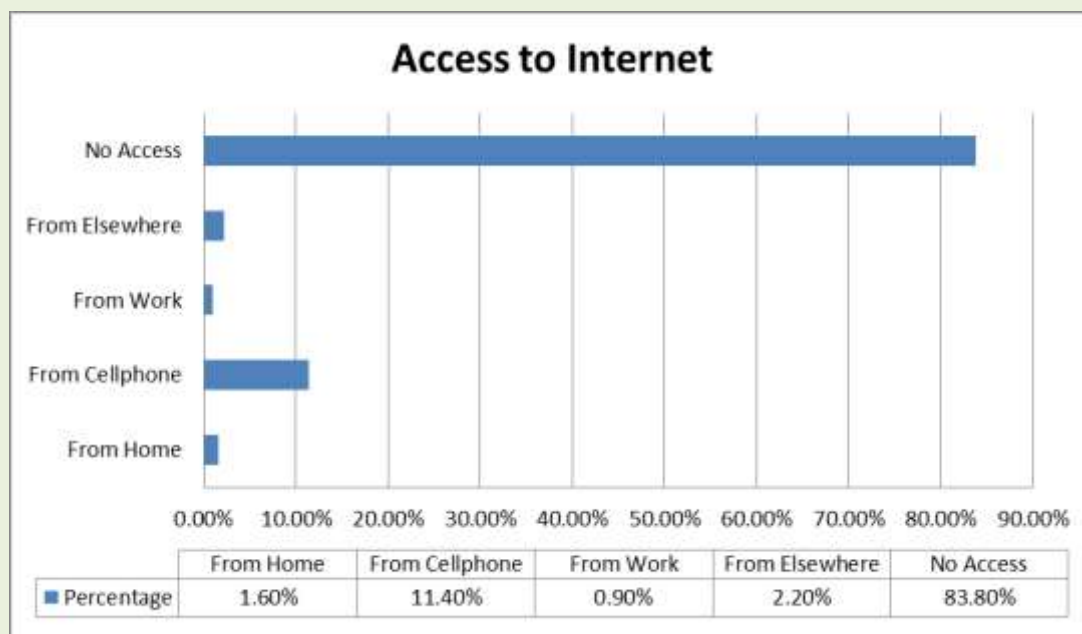
- Ownership of radio, television, computer, refrigerator and cell phone has increased considerably between Census 2001 and Community Survey 2007. Demand for landline telephones decreased.

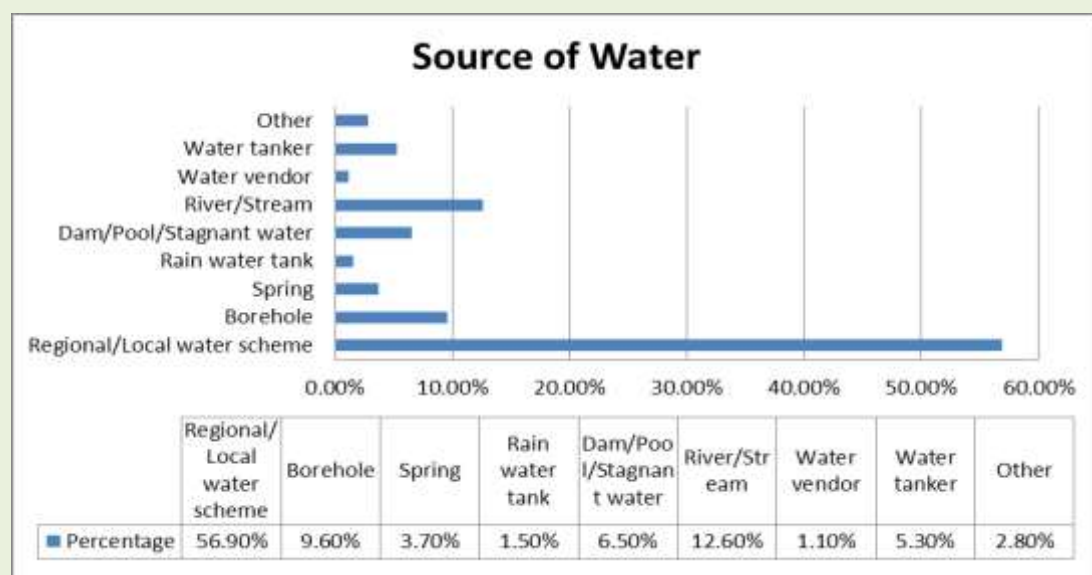
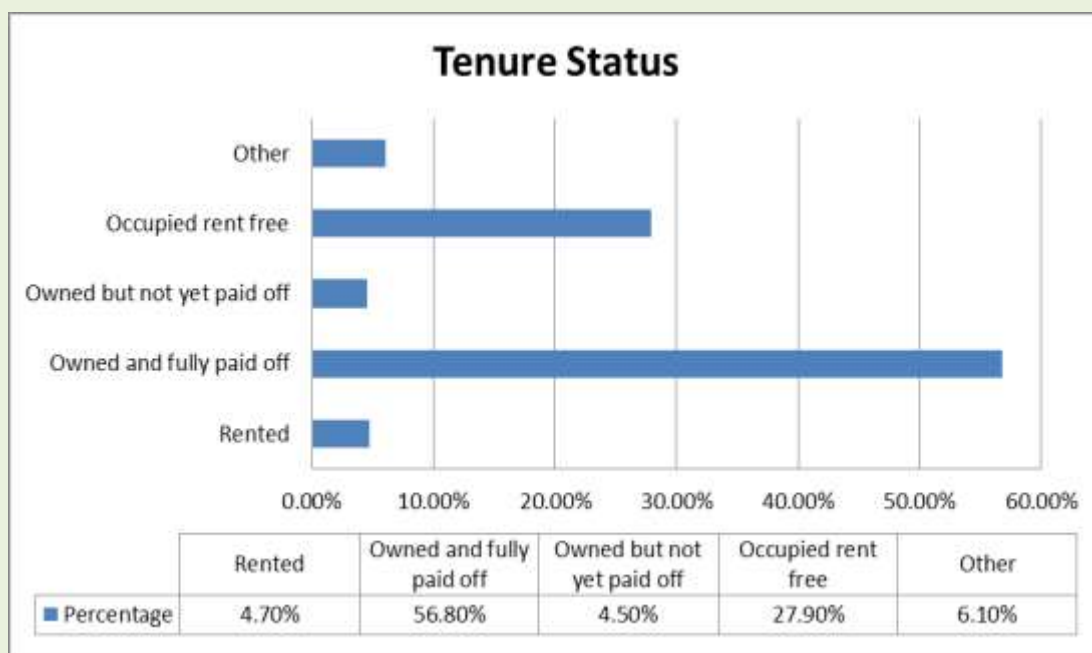


## PERCENTAGE OF HOUSEHOLDS USING ELECTRICITY FOR LIGHTING BY PROVINCE – SA 2007 COMMUNITY SURVEY

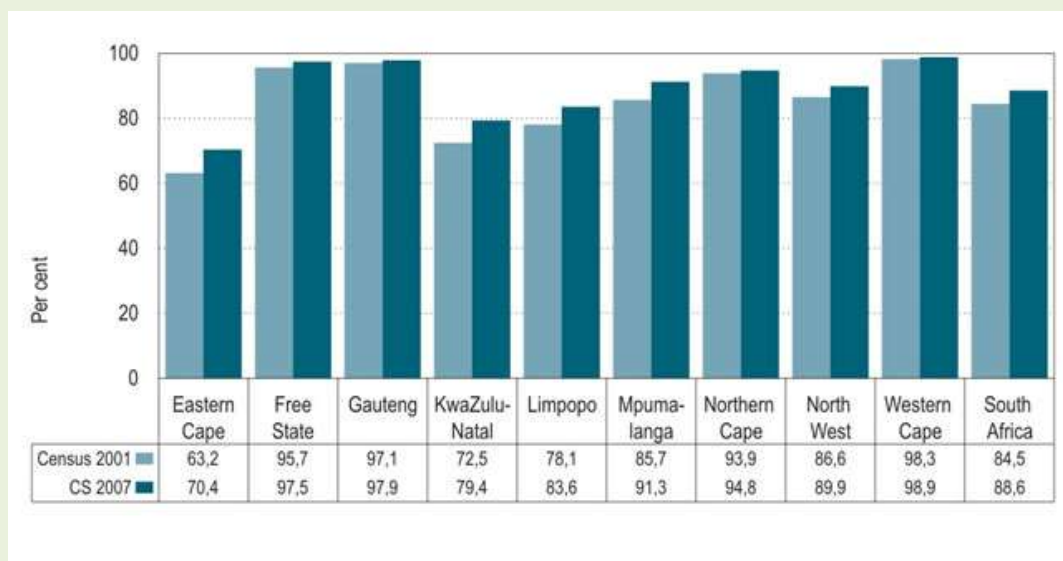


- Electricity for lighting has increased in all provinces with 80.0% of households in South Africa using electricity for lighting.
- The proportion of households in Eastern Cape and KwaZulu-Natal using electricity for lighting is below the national average.

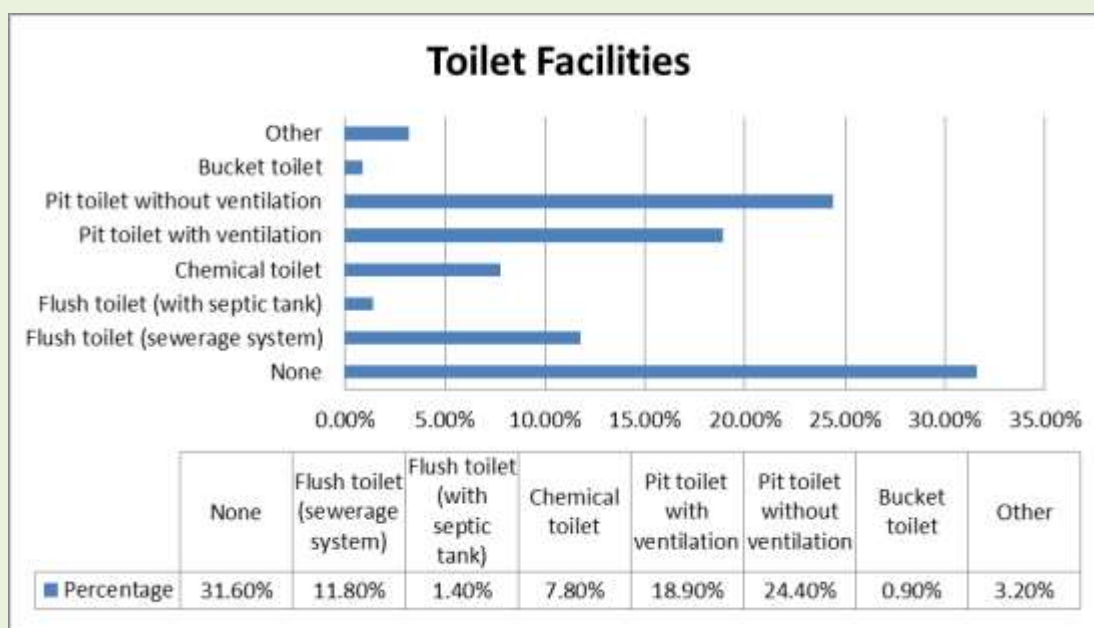




## PERCENTAGE OF HOUSEHOLDS THAT HAVE ACCESS TO PIPED WATER BY PROVINCE – SA 2007 COMMUNITY SURVEY



- In 2007, 88.6% of the population in South Africa enjoyed access to piped water.
- All provinces showed an increase in the percentage of households that had access to piped water.
- The percentage of households that have access to piped water in Eastern Cape, KwaZulu-Natal and Limpopo is below the national average.



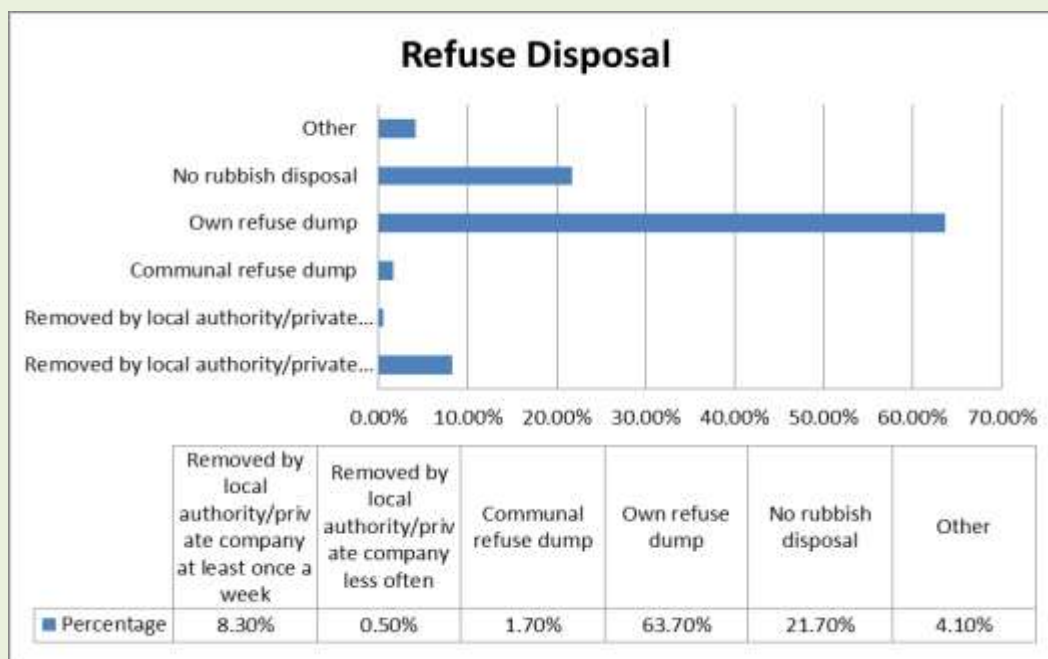
## PERCENTAGE OF HOUSEHOLDS BY TYPE OF TOILET FACILITY AND PROVINCE – CENSUS 2001 AND CS 2007

	Flush toilet		Chemical Toilet		Pit latrine with ventilation (VIP)		Pit latrine without ventilation		Bucket toilet system		None	
	Census 2001	CS 2007	Census 2001	CS 2007	Census 2001	CS 2007	Census 2001	CS 2007	Census 2001	CS 2007	Census 2001	CS 2007
Eastern Cape	33,7	40,2	2,0	0,4	5,6	8,3	21,8	23,1	5,7	2,8	31,3	25,2
Free State	46,3	61,4	0,8	0,1	6,2	7,9	16,5	14,7	20,5	12,7	9,7	3,2
Gauteng	80,2	85,2	1,1	0,4	1,4	2,2	11,5	9,6	2,2	1,0	3,6	1,6
KwaZulu-Natal	40,8	49,9	5,3	0,8	9,0	13,2	27,7	23,9	1,2	0,5	16,0	11,7
Limpopo	16,8	20,2	1,3	0,1	8,0	10,5	50,4	56,3	0,6	0,1	22,8	12,9
Mpumalanga	35,4	42,6	1,5	0,3	9,0	11,0	39,4	37,6	2,6	0,4	12,1	8,2
Northern Cape	57,8	48,2	0,8	0,1	7,6	6,2	10,8	35,4	10,0	4,4	13,1	5,7
North West	36,7	73,2	1,0	0,4	11,0	8,0	36,6	6,8	5,1	4,8	9,6	6,8
Western Cape	86,2	92,9	0,3	0,2	0,8	0,3	1,3	0,5	3,7	2,4	7,7	3,8
<b>South Africa</b>	<b>51,9</b>	<b>60,4</b>	<b>1,9</b>	<b>0,4</b>	<b>5,7</b>	<b>6,8</b>	<b>22,8</b>	<b>21,5</b>	<b>4,1</b>	<b>2,3</b>	<b>13,6</b>	<b>8,6</b>

**Note: Data for a dry toilet facility have been excluded**

- In 2007 a little more than 60% of households in South Africa had access to a flush toilet.
- Gauteng, Free State, North West and Western Cape were the only provinces where more than 50.0% of households that own a flush toilet.
- Free State had the highest number of households still using the bucket system.
- More than half of households in Limpopo (56.3%) used a pit latrine without ventilation, and 25,2% of households in Eastern Cape had no toilet at all.

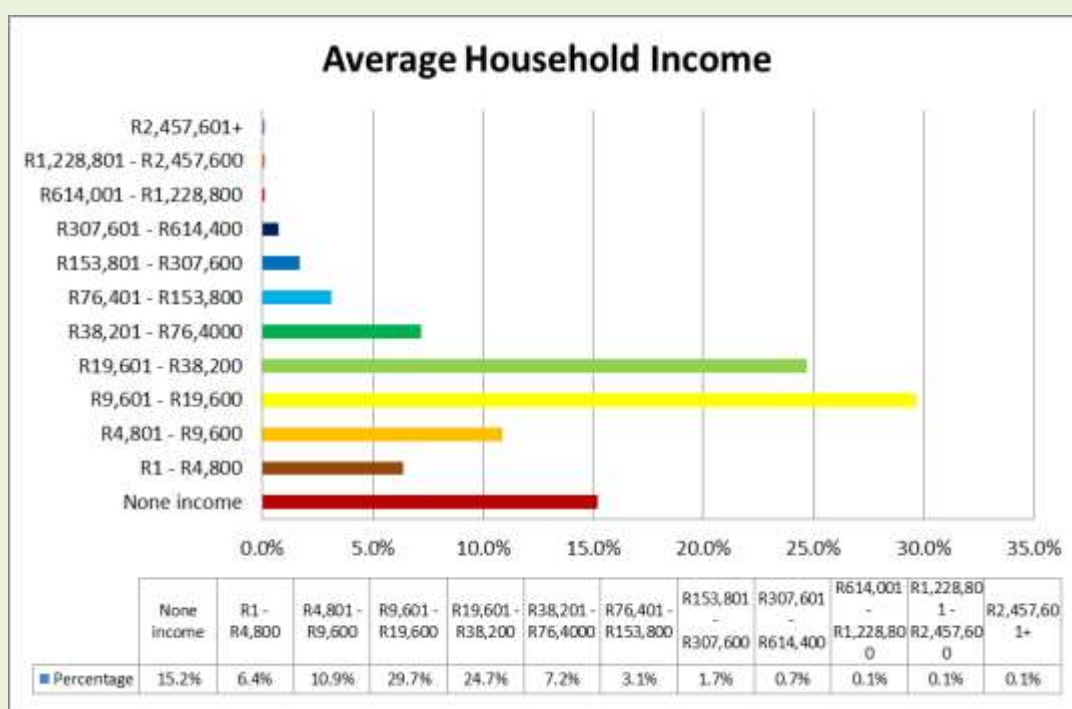
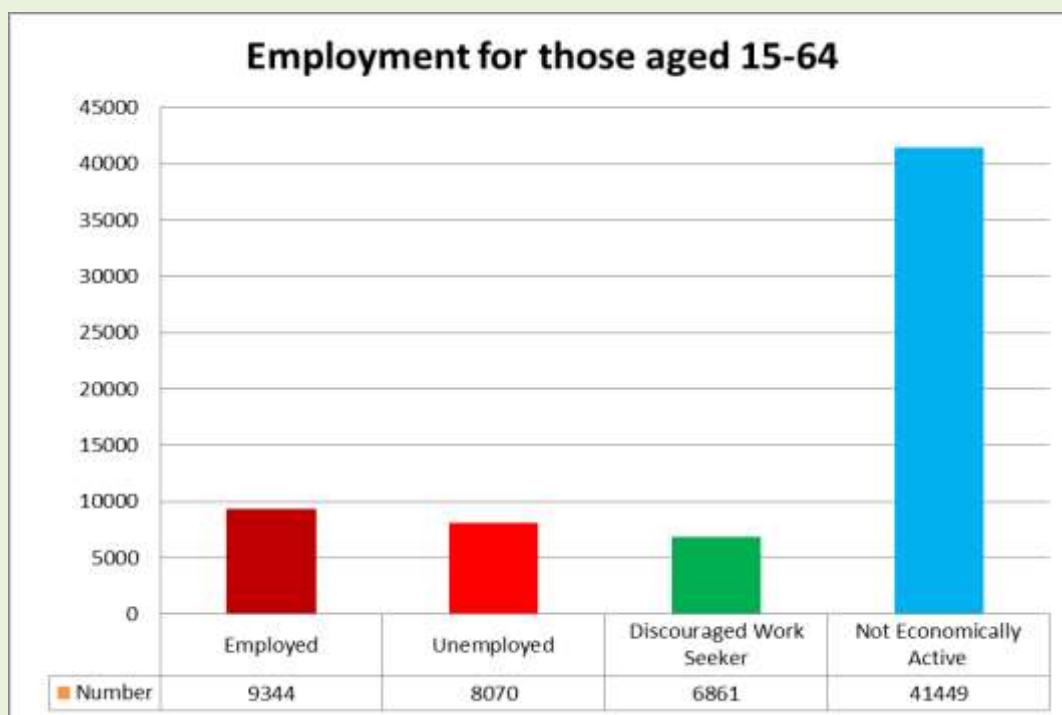




### 1.2.7 Economy

46.3% of the 17 414 economically active (employed or unemployed but looking for work) people in the municipality are unemployed.

The majority (55.3%) of economically active youth (aged 15 – 34 years) are unemployed.



Socio Economic Status						
Year	Housing backlog as proportion of current demand	Unemployment Rate <sup>1</sup>	Proportion of households with no Income <sup>1</sup>	Proportion of population in Low-skilled Employment <sup>2</sup>	HIV/AIDS Prevalence <sup>2</sup>	Illiterate people older than 14 years <sup>1</sup>
2001		68.3%				
2007						
2011		46.3%				
2012/2013						
						T 1.2.5

#### Notes:

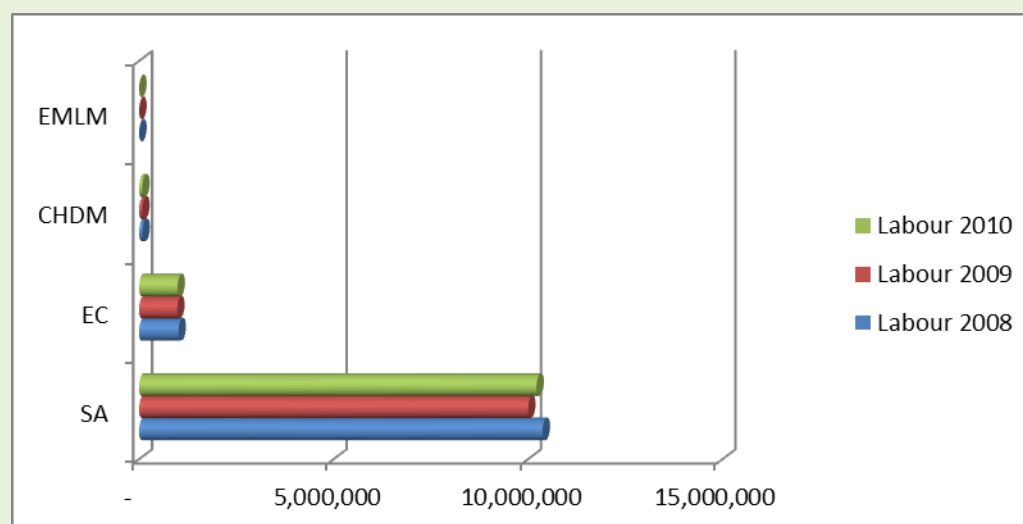
Unemployment, proportions of households with no income and illiterate people older than 14 years old - obtained from Census 2011, Community Survey 2007, and Census 2001.

Proportion of population in Low-skilled Employment and HIV/AIDS Prevalence - no data for it as yet. Based upon the number of applicants on the municipal housing waiting list.

Sourced from the District Health Information System 2013.

### 1.2.8 Labour

#### Formal Employment

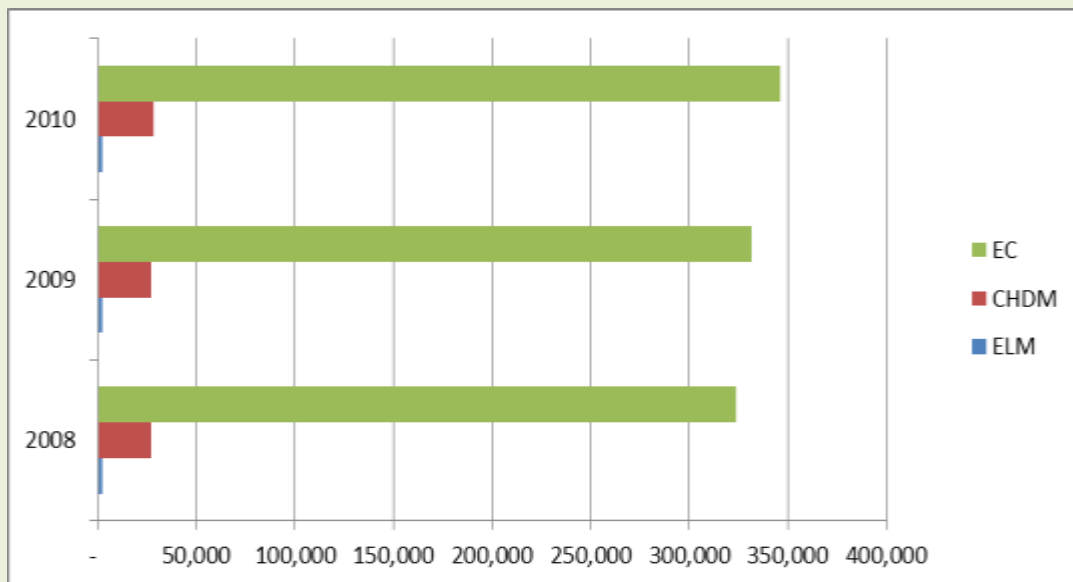


The number of people in formal employment for Chris Hani District Municipality is very low and this has been the case for the past three (3) years. This situation means that people are

either dependent on informal sector; have their own businesses and or coops or unemployed at all and that will have a knock on effect on socio – economy of the area.

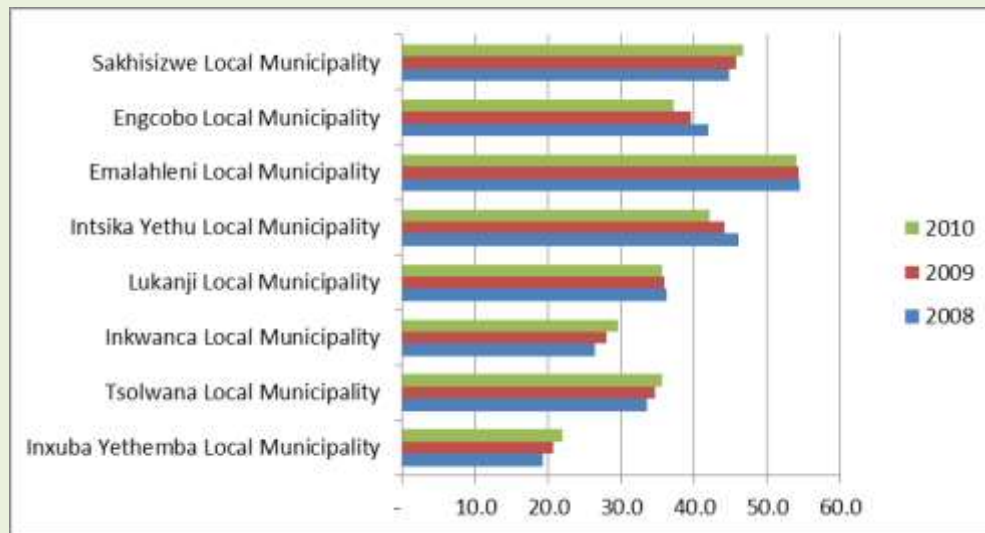
Bye-and-large, the GDP of Emalahleni has been anchored by the wholesale and retail sector which has contributed a higher percentage in terms of Real Money. The wholesale and retail sector has contributed about 80% to the Gross Domestic Product and has seen a steady growth for the past three financial years (2008, 2009 and 2010).

### **Informal Sector**



In as far as it relates to the informal sector, Emalahleni is still making no progress for the past three years (2008 – 2010).

### Unemployment rate



In the district, Emalahleni Local Municipality, is leading in as far as the unemployment rate is concerned and this has been the case since 2008 – 2010. There is a lot that needs to be done in terms of job creation.

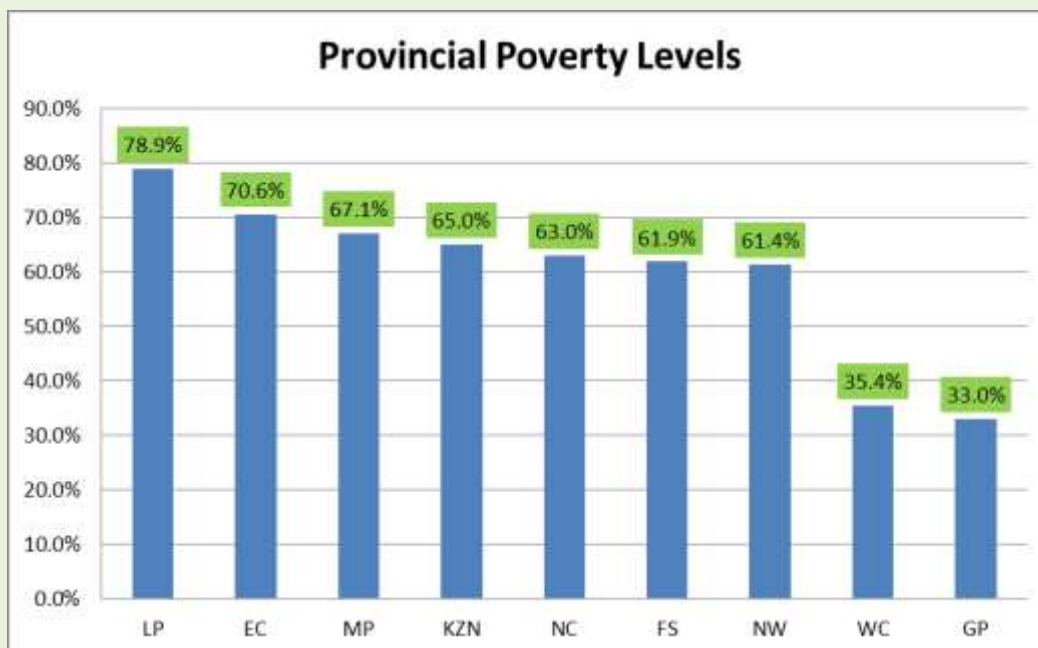
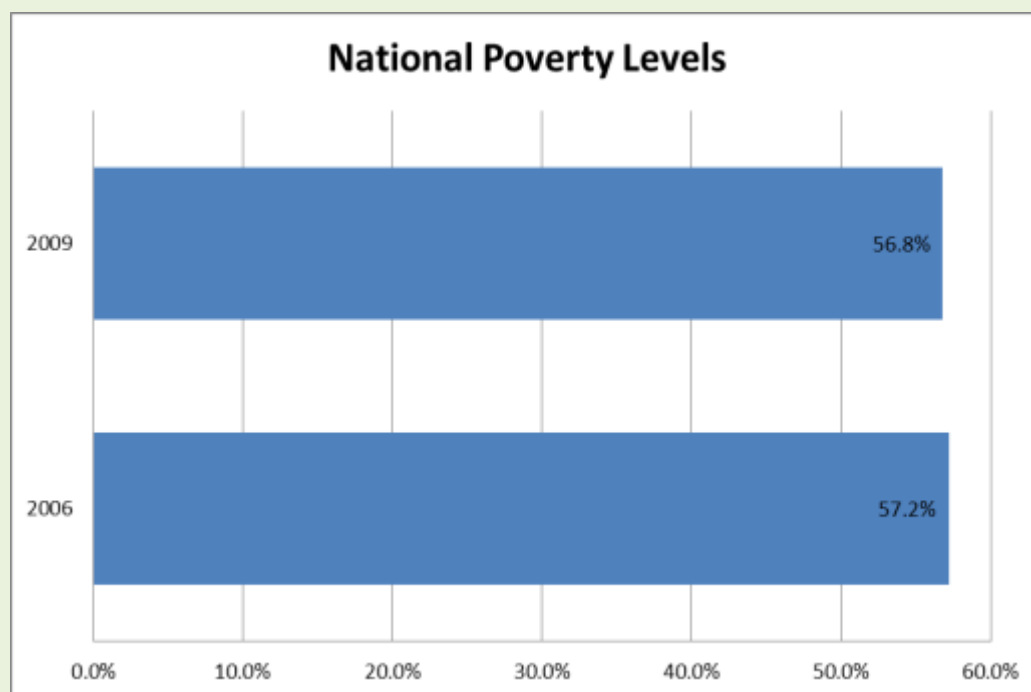
According to data released by Statistics South Africa for the Year 2007, 2008 and 2009 indicates that the economy of Emalahleni has been shedding jobs except for the wholesale and retail sector which maintained a low but steady growth in terms of employment figures.

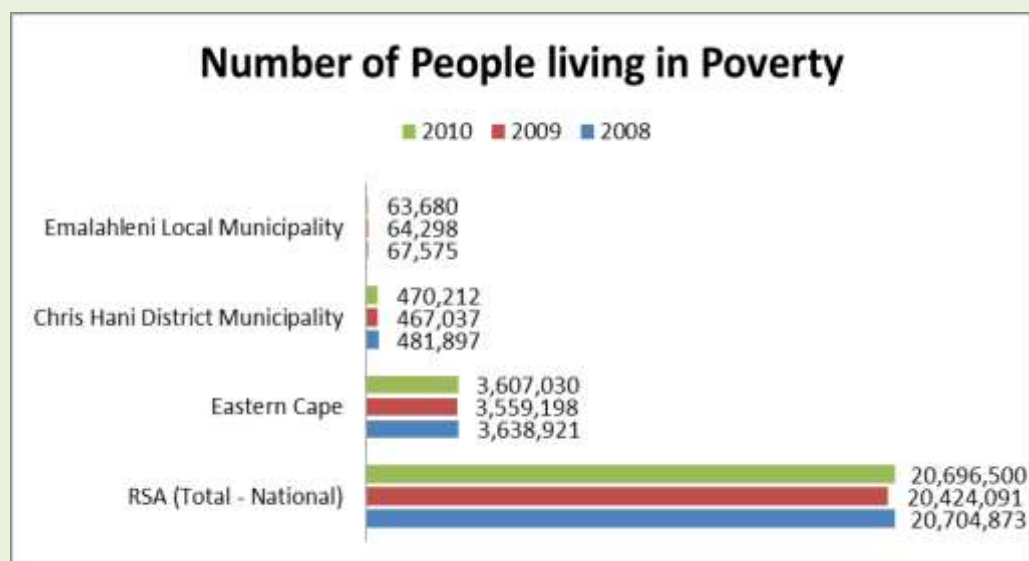
### **1.2.9 Poverty**

Poverty is a key development challenge in social, economic and political terms; not only in South Africa but throughout the developing world. In post-apartheid South Africa, fighting the legacy of poverty and under-development has always been a central theme of Government. This was cemented in the Reconstruction and Development Plan (RDP) of 1994 and reiterated in the National Development Plan (NDP) published in 2011.

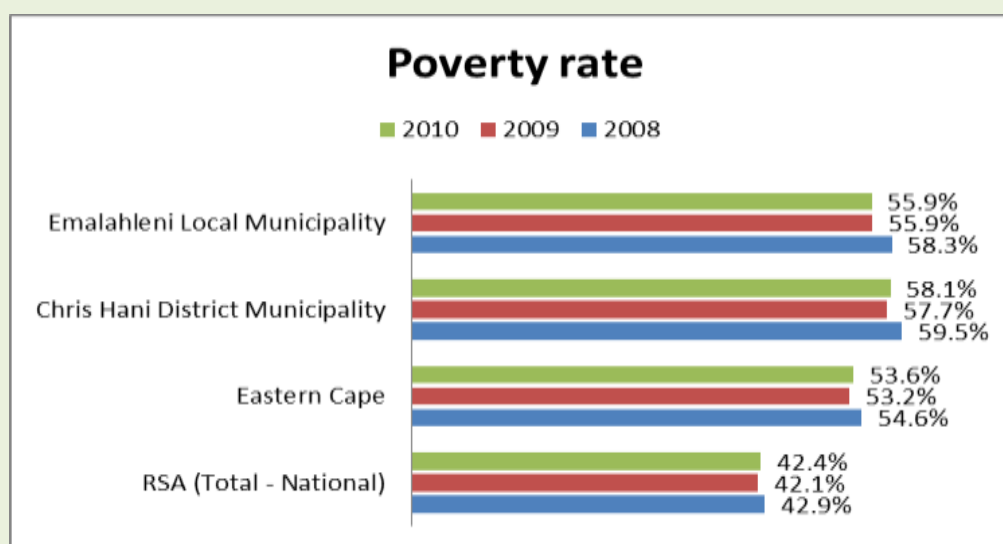
The guiding objectives of the NDP are the elimination of poverty and the reduction in inequality and all the elements of the plan must demonstrate their effect on these two objectives. The Living Conditions Survey (LCS) and the Income and Expenditure Survey (IES) conducted by Stats SA are the two primary contributors toward profiling and monitoring poverty and inequality over time.

These two surveys are fundamental components to the survey programme of any statistical agency. They are the leading tools for the measurement of absolute poverty and inequality and they are an extremely important building block for the Consumer Price Index (CPI) to stay current with the changing spending and consumption patterns of the country.





Poverty rate (2008 – 2010)



Notes:

1. Unemployment, proportions of households with no income and Illiterate people older than 14 years old - obtained from Census 2011, Community Survey 2007, and Census 2001.
2. Proportion of population in Low-skilled Employment and HIV/AIDS Prevalence - no data for it as yet.
3. Based upon the number of applicants on the municipal housing waiting list
4. Sourced from the District Health Information System.

### COMMENT ON BACKGROUND DATA:

Emalahleni Municipality is regarded as one of the key economic hubs of the Chris Hani District (with Lukhanji Municipality regarded as the top economic hub in the district). ELM is estimated to contribute about 20% to the total GDP of the district and provides 15% of the district's employment opportunities.

The rate of employment opportunities within the locality has increase over the last financial year due to the exploration of mineral resources, in the form of coal mining. This growth in employment opportunities is expected to grow steadily due to the impact it's likely to have to other businesses that provides goods and services to the coal mining operations.

ELM will continue to create a conducive environment for the small, medium and large businesses to operate within the municipality. As stipulated in the S46 report below, we will do this by further strengthening the relations between the political authority of the municipality, the local administration and business through business and other forums.

### 1.3. SERVICE DELIVERY OVERVIEW

#### SERVICE DELIVERY INTRODUCTION

The dawn of democracy in 1994 created a new dispensation in which access to basic services such as housing, water and sanitation was recognized as a fundamental human right. South Africa inherited high levels of poverty and it continues to be confronted with unequal and often inadequate access to resources, infrastructure and social services. The Bill of Rights enshrined the right to basic services and commanded that the state must take reasonable measures to achieve the progressive realisation of these rights.

Key Statistics : South Africa as a whole	
Access to piped water	90,8%
Access to improved sanitation	76,9%
Access to mains electricity	85,3%
Use solid fuels for cooking	12,4%
Dwelling owned	65,6%
Living in formal dwellings	76,9%
Municipal refuse removal	64,0%



## Water and Sanitation

Chris Hani District Municipality appointed Emalahleni Local Municipality as the Water Services Provider. Water and sanitation is therefore required to be provided to all rural and urban areas within this area, while taking into account the infrastructure limitations and challenges. In this regard the Chris Hani District Municipality is providing a supportive and advisory role.

It is acknowledged that service delivery and availability is more accessible in the urban areas, (18 769 yard connections in 3 towns vs 200m applicability for 105 948 residents in over 200 villages). Planning is underway and required to ensure that these backlogs are addressed, and reported accurately together with plans for sustainable development. Emalahleni Municipality met the target of ensuring that access to water was provided to an additional 1200 households.

### Shortfalls

- Within this region, periods of water shortages and drought are commonplace. For this reason one of the greatest challenges has been to plan for these periods.
- Shortages in water have placed tremendous strain on the residents and on hospitals, clinics, schools and hostels.
- Plans are required to ensure that an additional water spruce is obtained in Dordrecht and that back up water systems in villages are made available together with the purchasing of water tankers.
- Commitment from ESKOM to deal with these challenges as a priority is also required.

A number of projects have been planned and conducted which include:

- Maqubela to Hala Water Scheme Extension
- Ngcuka Water Scheme Extension
- Maqhashu Water Scheme Extension

### Water Services Backlogs

Households			Required Budget	Budget Amount	Actual Expenditure
Total No.	Served	Under-Served			
33,788	29 395	4 392	7 221 309.00	R 10 000 000.00	No information from Chris Hani District Municipality

The majority of these projects were at the planning stage / Slow progress	
Remedial Action	CHDM undertook to address the situation.

### **Sanitation**

The Municipality has been appointed by Chris Hani District Municipality (WSA) as the Water Services Provider. This results in the municipality being required to serve as the sanitation service provider to the Emalahleni area. It is noted that Dordrecht, Lady Frere and Indwe are provided with a waterborne system of sanitation while VIP toilets and pit latrine systems are found in the villages.

### **General Comments and Challenges**

As the standard and levels of sanitation are of concern, projects have been undertaken to resolve these challenges.

- Chris Hani District Municipality has funded a sanitation project in order to facilitate the upgrading of sanitation infrastructure and this is progressing well;
- The Cluster 4 sanitation project for wards 2, 3, 4, 5, 15 and 16, Vukani Guba and Percy Villages is at the tender stage. The Baseline Survey has been completed, the ground water protocol is in place and the tender for a consortium closed. Construction is now underway;
- The Cluster 3 sanitation program for Wards 7, 8, 9, 10, 11, 12 and 14 is similarly at the construction phase.
- Bucked eradication programme at Indwe
- Reporting on sanitation monitoring is occurring as required.

Overall, it is to be noted that the greatest challenges relate to infrastructure. Backlogs (while in existence) are being eradicated and the achievement of 54% of households being exposed to a basic level of sanitation has been met. While it is recognized that not all backlog data is accurate, 170 participants /auxiliary workers have been appointed to collect /record information on backlogs of households with access to basic levels of service (relating to all basic services water, sanitation, roads and electricity) the Technical Services Manager co - ordinate information relating to water, sanitation, roads and electricity in relation to this project

### General Comments and Challenges

When determining the appropriate activities to be undertaken to improve the standards of sanitation provision and backlogs, consideration is required to be made of the ageing infrastructure, the financial limitations and the capacitation levels of staff.

In terms of the Mackay's Nek Sanitation project, progress has been well achieved during 2012/2013. The tender for Phase 2 has been awarded.

### **Electricity**

The municipality has no electricity backlogs on areas that are under the municipal's area of supply (i.e. Indwe and Dordrecht Towns). However on the Eskom's area of supply here at Emalahleni there is still backlog. The council in 2010 undertook a programme that will work together with Eskom to fast-track the eradication of electricity. The municipality approached directly the Department of Energy for funding through INEP programme and that initiative was welcomed by the Department.

During the year under review, the municipality has successfully electrified the area of Tshatshu which is under wards 1. The municipality had received a budget of R 10 million from INEP and from that budget there were 471 households that were connected. The area currently has electricity.

### **Challenges**

- The major challenge that the municipality faced in implanting this programme, are long delays from Eskom when it come energising the completed infrastructure.
- The terrain in our area is so bad to the point that fewer connections are achieved against the desired numbers.

### **Roads and Storm water**

This municipality is required to take responsibility for the construction, maintenance and upgrading of the local roads and storm water infrastructure. All the other roads remain the responsibility of the District, Province and National Department of Transport.

In particular projects relating to the upgrade of the main road linking Cala to Lady Frere and new access roads as listed under projects are to receive attention.

The Department of Roads and Public Works have made an undertaking to support route maintenance – and funding has been set aside in these instances (for access roads construction and maintenance).

Budgetary constraints remain an ongoing challenge. In an effort to facilitate progress it is recommended that funding for both gravel and access roads be combined and funded as one and that every effort be made to continue to source additional funding. Roads across the municipality are deteriorating more rapidly as the available budget cannot adequately address the need for upgrade and additional maintenance.

## Waste Management

The municipality has been in possession of Integrated Waste Management Plan since 2010/2011 financial year which is to be reviewed. As at end of 2013/2014 financial year the solid waste management unit was relatively functioning effectively and fully subscribing to the eight goals of the National Waste Management Strategy listed below.

GOALS	DESCRIPTION	NATIONAL TARGETS	EMALAHLENI LOCAL MUNICIPALITY PROGRESS
Goal 1	Promotion of waste minimization , reuse , recycling and recovery of waste	25% of recyclables diverted from landfill sites for re-use, recycling or recovery.	The municipality recycling initiatives are still at an informal level. Three transfer stations are prioritized to be built 2014/2015 financial year. The municipality strengthened partnership with Inxuba Yethemba Local Municipality.
Goal 2	Ensure the effective and efficient delivery of waste services.	95% of urban households and	Refuse removal was regularly removed from semi-urban households daily ( <b>See table below</b> ) The municipality is implementing a pilot project where rubbish bags are distributed at no cost to the residents at ward 15.
		75% of rural households have access to adequate levels of waste collection services.	No services are rendered currently except for educational programs.
		80% of waste disposal sites have permits.	The municipality operated three landfill sites; two were licensed for closure through the assistance of Municipal Infrastructure Support Agency and National COGTA. A new landfill site is yet to be developed in Lady Frere in the Next Financial Year including transfer station in Dordrecht and Indwe. The municipality obtained operating license

GOALS	DESCRIPTION	NATIONAL TARGETS	EMALAHLENI LOCAL MUNICIPALITY PROGRESS
			for the landfill site in March 2015.
Goal 3	Grow the contribution of the waste sector to the green economy.	9 000 new jobs created in the waste sector	40 job opportunities were created in 2013/2014 financial year.
		2 600 additional SMEs and cooperatives participating in waste service delivery and recycling	No progress has been made in this component except for informal recycling initiatives
Goal 4	Ensure that people are aware of the impact of waste on their health, well-being and the environment.	80% of municipalities running local awareness campaigns.	Awareness campaigns were conducted with the assistance of Department of Economic Development and Environmental Affairs and Tourism in all serviced areas.
		80% of schools implementing waste awareness programmes.	The municipality has conducted awareness campaigns in schools.
Goal 5	Achieve integrated waste management planning.	All municipalities have integrated their IWMPs with their IDPs, and have met the targets set in IWMPs.	The municipality is in possession of an Integrated Waste Management Plan which is due for review.
		All waste management facilities required to report to SAWIS have waste quantification systems that report information to WIS	The municipality is yet to register in the SAWIS
	Ensure sound budgeting and financial management for waste services	All municipalities that provide waste services have conducted full-cost accounting for waste services and have implemented cost reflective tariffs	No full cost accounting for waste services that have cost reflective tariffs.
Goal 7	Provide measures to remediate contaminated land	Assessment complete for 80% of sites reported to the contaminated land register.	Efforts to rehabilitate the dumping sites have been planned utilizing the closure permits currently issued.
		Remediation plans approved for 50% of confirmed contaminated sites	The municipality will undertake remediation when the iy has stopped utilising the sites after completion of the sites under construction
Goal 8	Establish effective compliance with and enforcement of the Waste Act.	50% increase in the number of successful enforcement actions against noncompliant activities.	This is applicable to DEDEAT

## Service Backlogs for waste management services in Emalahleni LM

LADY FRERE	INDWE	DORDRECHT		
Main Town (170)	Main Town (714)	Main Town (350)		
Bhongolwethu (700) (No Service)	Manyano (344)	Tyoksville (1985)		
Lady Frere Location (592) (No Service)	Mavuya (759)	Isinako (1045)		
<b>Pilot (Mqeshi) (15)</b>	Mzamomhle (502)	Munniksville (292)		
	Sonwabile (193)			
	Phumlani (331)			
<b>1477</b>	<b>1477</b>	<b>1477</b>	<b>2843</b>	<b>3672</b>
<ul style="list-style-type: none"> <li>• Total Number of Urban Households – 7992</li> <li>• Total no of households receiving Refuse Collection Services : 6700</li> <li>• Total Households of Emalahleni Local Municipality 31 681</li> </ul>				

## Challenges

Ongoing challenges for waste management services include inter alia the following

- Historical backlogs of waste collection services
- No waste management services in the Rural Settlements
- Inadequate budget to render Waste Management Services

- Unavailability of recycling infrastructure which will enable separation of waste at source including diversion.
- Non complaint landfill sites which hinder the safe disposal of all waste streams.
- Staff shortages which contributes to high usage of temporal workers.
- Currently 8.8 of the population have their refuse removed at least once a week. The main focus areas for the municipality for now are semi urban areas. Though the municipality is providing waste removal services to the existing business, billing for this service is not fully effected and there is revenue lost.

#### COMMENT ON ACCESS TO BASIC SERVICES:

This chapter focuses on the extent to which the municipality has progressed in delivery of basic services to the community of Emalahleni as was planned in the Integrated Development Plan. The chapter reviews performance of the period under review (Year 0) and highlights the challenges which confronted the municipality in discharging its constitutional obligations. The Departments of Infrastructure Development and Human Settlements (referred to as Technical Services in Year 0), Community Services and part of Integrated Planning and Economic Development responsible for service delivery within the Municipality have provided input in the chapters following in this report. In these chapters these Departments further elaborate on:

#### **Water**

As indicated earlier (on this report), Emalahleni Local Municipality has been appointed as the Water Services Provider by the Chris Hani District Municipality. Water and sanitation is therefore required to be provided to all rural and urban areas within this area, while taking into account the infrastructure limitations and challenges.

Emalahleni Local Municipality faces a number of challenges when considering the levels and standards of water services. It is acknowledged that those in the rural areas have low levels of access to water. Additionally, and in many instances, the water is of a low standard.

Currently, water availability in respect of connections is reflected below.

In terms of water connections and availability it is noted that amongst formal residents the following statistics are still applicable;

- Urban Areas: 18 769 yard connections exist in 3 towns.

- Rural Areas: 105 948 residents are spread over about 200 villages. RDP standards require that water is made available within 200m for all applicable residents.
- Commercial Farmers: 300 residents are currently spread over about 20 farms.

Annual performance as per key performance indicators in water services

	<b>Indicator name</b>	<b>Total number of household / customer expected to benefit</b>	<b>Estimated backlogs (actual numbers)</b>	<b>Target set for the FY under review (actual numbers)</b>	<b>Number of HH / customer reached during the FY</b>	<b>Percentage of achievement during Year -1</b>
1	Percentage of households with access to potable water	29 652	15 560	1 200	1 200	100%
2	Percentage of indigent households with access to free basic potable water	5 165	3 465	1 700	1 700	100%
3	Percentage of clinics with access to potable water	29	0%	0%	0%	0% No targets
4	Percentage of households using buckets	162	0%	0%	0%	0%

### Challenges in water services and remedial action

- The Water Services section continues to experience extreme challenges. These are related primarily to natural phenomenon such as flooding and drought, and poor electricity provision from ESKOM.



- Additional funding is always required to assist in addressing hardships caused by drought and the Drought Relief Fund was made available in the previous financial year.

### ***Sanitation***

The sewerage system across ELM lacks capacity, and is old and poorly maintained. This limits development, and in particular limits the development potential of business in general. In order to address some of the identified challenges, ELM needs to prioritise infrastructure development to help curb the sanitation backlog of many years.

Despite these challenges, service provision was at or above minimum standards for the majority of the population both in formal and in informal settlements.

### ***Electricity***

During the year under review, new electrical connections were made, general network enhancement were undertaken, and new energy -efficient street lights were installed. indigent people received free basic electricity.

### ***Waste Removal***

Waste removal is currently facing service challenges within the municipality. However, some of the issues around a lack of capacity were addressed during the year under review.

The municipality obtained operating license for the landfill site in March 2014.

The municipality, through the CHDM managed to develop an Integrated Waste Management Plan (IWMP) in 2011 which currently needs to be reviewed.

New plant and equipment in the form of tractors were acquired for the purpose of improving waste removal services.

As part of mitigation measure towards reducing global warming, the municipality has entered into a co-operation arrangement with Inxuba Yethemba Municipality to share best practices on recycling.

The Municipality is implementing a pilot project where rubbish bags are distributed at no cost to the residents of ward 15.

Currently, 8.8% of the population has their refuse removed at least once a week. The main focus areas for the municipality for now are the semi-urban areas. Though the municipality is providing waste removal services to existing business, billing for this service is not done

properly and as a result a lot of revenue is lost. Not all indigent people are provided with access to free waste removal, as the majority is found in rural villages.

### **Housing**

Housing remains a core competency of the Department of Human Settlements. The municipality performs a monitoring and facilitation role and is required to monitor and report on progress and to facilitate the operations of all such housing projects. Traditionally it is acknowledged that the demand for housing remains extremely high (high levels of unemployment and poverty) and housing is in extremely short supply. Additionally the housing supplied has often been allowed to fall into a state of disrepair due to a lack of maintenance.

*Efforts to repair these houses have been undertaken and achieved as per the project plans. After the review of the Sector Plan in August 2011 it was ensured that all housing projects were conducted in line with the sector plan and project progress was reported on as required.*

T 1.3.3

## **1.4. FINANCIAL HEALTH OVERVIEW**

### **FINANCIAL OVERVIEW**

**Grant Receipts and Expenditure** – Grants amounting to R 1 801 337 were unspent at the end of the financial year. The unspent grants are (National Government) R 764 069; (Provincial Government) R 727 781 and (District Municipality) R 274 803.

**Debtor's age analysis** – The outstanding amount for debtors is fully detailed in Table SC3 of the Monthly Budget Statement. The total amount outstanding at the end of June 2014 stands at R 117 546 268 of which R 93, 481 million was identified for impairment in terms of council policy

**Employee Benefits** – The report on total employee benefits is presented as required by section 66 of MFMA. It should be noted that expenditure on staff benefits is within the approved National Treasury of approximately 29%.

Budget details relating to employees expenditure are outlined in Table SC8 below.

## EC136 Emalahleni (Ec) - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June

Summary of Employee and Councillor remuneration	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C						D
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		9 101	10 297	9 740	811	9 849	9 740	108	1%	10 297
Pension and UIF Contributions		-	-	-	-	-	-	-		-
Medical Aid Contributions		-	-	-	-	-	-	-		-
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		-	-	-	-	-	-	-		-
Cellphone Allowance		-	-	-	-	-	-	-		-
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	-	-	-		-
Board Fees		-	-	-	-	-	-	-		-
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations		-	-	-	-	-	-	-		-
<b>Sub Total - Councillors</b>	2	9 101	10 297	9 740	811	9 849	9 740	108	1%	10 297
<b>% increase</b>	4		13.1%	7.0%						13.1%
<b><u>Senior Managers of the Municipality</u></b>										
Basic Salaries and Wages		5 475	6 479	6 039	760	6 376	6 039	337	6%	6 479
Pension and UIF Contributions		-	-	-	-	-	-	-		-
Medical Aid Contributions		-	-	-	-	-	-	-		-
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		115	320	-	-	-	-	-		320
Motor Vehicle Allowance		-	-	-	-	-	-	-		-
Cellphone Allowance		-	-	-	-	-	-	-		-
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	-	-	-		-
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-		-
<b>Sub Total - Senior Managers of Municipality</b>	2	5 590	6 798	6 039	760	6 376	6 039	337	6%	6 798
<b>% increase</b>	4		21.6%	8.0%						21.6%
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		28 126	21 745	28 973	2 189	26 563	28 973	(2 410)	-8%	21 745
Pension and UIF Contributions		3 245	3 713	4 846	305	3 765	4 846	(1 081)	-22%	3 713
Medical Aid Contributions		949	1 175	1 428	128	1 296	1 428	(132)	-9%	1 175
Overtime		1 070	1 121	1 452	125	1 503	1 452	52	4%	1 121
Performance Bonus		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		653	207	671	72	650	671	(21)	-3%	207
Cellphone Allowance		283	335	376	16	467	376	91	24%	335
Housing Allowances		140	23	77	14	143	77	66	85%	23
Other benefits and allowances		2 614	2 405	4 131	26	493	4 131	(3 638)	-88%	2 405
Payments in lieu of leave		328	562	-	-	-	-	-		562
Long service awards		369	813	2 326	-	-	2 326	(2 326)	-100%	813
Post-retirement benefit obligations		316	377	-	(4)	-	-	-		377
<b>Sub Total - Other Municipal Staff</b>		38 095	32 476	44 279	2 872	34 880	44 279	(9 399)	-21%	32 476
<b>% increase</b>	4		-14.7%	16.2%						-14.7%
<b>Total Municipal Entities</b>		52 786	49 571	60 059	4 443	51 105	60 059	(8 954)	-15%	49 571
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		52 786	49 571	60 059	4 443	51 105	60 059	(8 954)	-15%	49 571
<b>% increase</b>	4		-6.1%	13.8%						-6.1%
<b>TOTAL MANAGERS AND STAFF</b>		43 685	39 274	50 318	3 632	41 256	50 318	(9 062)	-18%	39 274

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	%
<b>REVENUE BY SOURCE</b>				
Property rates	3 218 438	1 974 800	1 243 638	63%
Property rates - penalties & collection charges	-	-	-	
Service charges	21 380 644	16 215 880	5 164 764	32%
Rental of facilities and equipment	731 448	586 033	145 415	25%
Interest earned - external investments	3 004 556	2 025 000	979 556	48%
Interest earned - outstanding debtors	7 833 978	4 949 919	2 884 059	58%
Dividends received	-	-	-	
Fines	115 439	-	115 439	
Licences and permits	383 000	483 600	(100 600)	-21%
Agency services	61 196	1 199 700	(1 138 504)	-95%
Government Grants and Subsidies - Operating	98 441 321	98 549 737	(108 416)	0%
Other revenue	25 823 183	34 405 748	(8 582 565)	-25%
Contributed Assets	1 312 150	-	1 312 150	100%
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>162 305 353</b>	<b>160 390 417</b>	<b>1 914 936</b>	

**Financial Statement Ratios:**

INDICATOR	2013/2014	2012/2013
Surplus / (Deficit) for the year before Appropriations	(5 328 949)	2 657 598
Accumulated Surplus / (Deficit) at the end of the Year	469 783 147	475 112 096
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	24.15%	28.42%
Remuneration of Councillors	5.01%	5.92%
Debt Impairment	9.83%	6.20%
Depreciation and Amortisation	10.39%	13.95%
Impairments	5.80%	0.01%
Repairs and Maintenance	4.45%	4.73%
Actuarial losses	0.40%	0.28%
Finance Charges	0.35%	0.42%
Bulk Purchases	6.56%	7.31%
Contracted services	2.04%	1.76%
Operating Grant Expenditure	9.94%	9.68%
General Expenses	16.78%	19.54%
Loss on disposal of Property, Plant and Equipment	4.30%	1.78%
Fair Value Adjustments		
Current Ratio:		
Creditors Days	92	32
Debtors Days	1 443	1 526

COMMENT ON OPERATING RATIOS:
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**Employee Costs as a percentage of Operating Revenue:** The rate of 25% is lower than the expected norm of 30%.

**Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions):** The rate remains stable at around 14 percent for the past year.

**Finance Charges to Operating Expenditure:** The rate of 0.35% remains low and insignificant.

**Cost Coverage:** This rate has fluctuated over the past 2 years and currently is at 3.95 months, representing how many months expenditure can be covered by cash and other liquid assets available to the Municipality.

**Debt to Revenue:** The rate of outstanding debt to revenue is high by the standards set by National Treasury at 52%. The National Treasury's recommended rate is up to a maximum of 35%.

**Current Ratio:** The rate of 3.94:1 is regarded as good and indicates the municipality's ability to pay Current Liabilities with available Current Assets. The norm is set at 1.5 : 1, so the municipality's Current Ratio is better than the Municipal Industry norm.

**Liquidity Ratio:** The rate of 2.98:1 is regarded as good and indicates the municipality's ability to pay Current Liabilities with available Current Liquid Assets. The norm is set at 1.1: 1, so the municipality's Liquidity Ratio is better than the Municipal Industry norm.

## T 1.4.3

T 1.4.5

## COMMENT ON CAPITAL EXPENDITURE:

DETAILS	Actual 2013/2014 R	Budgeted 2013/2014 R	Percentage Variance %	Source of funding as % of total Cap exp
Appropriation Account (Own Funds)	11 018 125	15 871 000	69.42%	29.70%
External Loans	-	-	-	-
Grants and Subsidies	26 083 240	28 138 000	92.70%	70.30%
Leased Assets	-	-	-	-
Public Contributions	-	-	-	-
	37 101 365	44 009 000	84.30%	100.00%

T 1.4.5.

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

## ORGANISATIONAL DEVELOPMENT PERFORMANCE

During the year under review the Municipality finalised its Macro-structure. This sets out the broad functional structure of the municipality; the political governance structure and the Senior Management posts (section 56 posts), inclusive of the Municipal Manager and Heads of Departments.

The macro-structure was adopted by Council in 2012. This has paved the way for both the filling of the Heads of Department posts, as well as the finalisation of the micro-structure i.e. the organisational structure below S 56 level. The deadline for completion of the structure was set to September 2013 and all staff was to be integrated into such structure by June 2014. In addition, the expired positions of Heads of Departments were to be reviewed through the Performance Management System and be filled according to applicable legislation.

All Section 56 and 57 managers were filled, and some managerial positions below the level of Section 56 and 57 managers were also filled.

*T 1.5.1*

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## **1.6. AUDITOR GENERAL REPORT**

The Auditor General issued a qualified audit opinion on the financial statements of the municipality. The full audit report is contained in chapter 6 of the Annual Report.

*T1.6.1*

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year’s Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats, in order to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2013/2014 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit / Performance committee considers draft Annual Report of Municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report, to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits the Annual Report, including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General’s comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General’s Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		



COMMENT ON THE ANNUAL REPORT PROCESS:
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During the 2012/2013 financial year, National Treasury issued MFMA Circular 63, without replacing Circular 11, which also regulates the content of the Annual Report and sets out a revised format. In addition, this circular prescribes new timeframes within which the Annual Reports shall be compiled and presented.

The timeframes have been adjusted to coincide with the submission of the Annual Financial Statements in August each year. This has required the IDP office, which is responsible for the collation of the Annual Report, and the Finance directorate, responsible for the Annual Financial Statements, to work closely together.

The benefits of the revised timeframes will only be realized in the following financial year, as all relevant data is made available for planning processes. The intention is clearly that, this will make the IDP and Budgeting processes easier. With both the Annual Report and Annual Financial Statements available at the start of the New Year, it becomes easier to align the budget, IDP and performance management targets. This is expected to have positive spin-offs as progress can be measured more effectively year on year.

Given the substantial change in both the reporting format and the revised timeframes, ELM has experienced some “serious challenges”. Firstly, the development of this Annual Report coincided with the finalization of the annual performance report for the year under review as well as the development of the annual financial statements, and the external auditing processes. The data and formatting posed some challenges to the process. Although the required data is generally available across the Municipality, the collation thereof into the required formats took substantial time. In some instances, the reporting requirements did not seem to relate clearly to the way in which certain departments are used to reporting. Furthermore, the challenges identified with regards to departments using different baseline statistics for service delivery made the reporting on backlogs and achievements somewhat difficult.

However, in spite of the challenges experienced, the municipality has succeeded in compiling an Annual Report which is expected to meet the requirements of the Auditor General. In subsequent years, the process should be smoother, given that the report structure will be familiar and that the timeframes will be easier to meet, given that there will be a full year between reports.

<i>T 1.7.1.1</i>
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## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

Corporate governance is comprised of Risk Management and Fraud Mitigation, Internal Audit / Audit Committee, Compliance Services, Legal Services, Communication and Development Cooperation, Public Participation and Special Programmes, Knowledge Management, Research and Policy.

The preamble to the Local Government: Municipal Systems Act provides inter alia for the “core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities; to define the legal nature of a municipality as including the local community working in partnership with the municipality’s political and administrative structures; to provide for the manner in which municipal powers and functions are exercised and performed; to provide for community participation; to establish an enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government; to provide a framework for local public administration and human resource development; to put in place service tariffs and credit control policies by providing a framework for the provision of services, service delivery agreements; to provide for credit control and debt collection; and to provide for matters incidental thereto”.

The importance of good governance is widely recognised. Good corporate governance generates the goodwill necessary to enable sustainable value creation. Other pieces of the legislative framework impact on the activities of the Municipality and for the purpose of this cluster the King III Report is considered important. The introduction of the King III Report on Corporate Governance necessitates increased attention being paid to compliance issues. This covers activities such as Internal Audit, Fraud and Risk Management as well as Information Technology.

Within this overall framework fall activities such as risk and fraud management, internal audit, legal and compliance, knowledge management as well as public participation.

*T 2.0.1*

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

*Note: The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.*

The Municipal Council is the ultimate political decision-making body of the municipality. The Mayor, Councillor Nomveliso Nyukwana, takes overall strategic and political responsibility for the municipality, while the Municipal Manager, Dr SW Vatala, heads the municipal administration and provides the link between the political and administrative arm of municipal governance. The heads of departments and officials are responsible for physically implementing policy. Ward councillors link the community with the municipal council and administration.

T 2.1.0

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

*Note: MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality*

#### Council

The Section 12 notice published by the Member of the Executive Council for Cooperative Government and Traditional Affairs, Eastern Cape determined that Emalahleni Local Municipal Council, in terms of section 9(d) of the Municipal Structures Act 1998, would have an Executive Mayoral System combined with a Ward Participatory System.

#### Audit Committee

The municipality has an independent Audit Committee (which is a shared service between the municipality, Lukhanji and Sakhisizwe Local Municipalities). The committee reports directly to Council, providing opinions and recommendations on financial processes and performance.

#### Municipal Public Accounts Committee

The Municipal Public Accounts Committee is in place to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. Its key role is to consider and evaluate the content of the annual report and make recommendations to Council when adopting an oversight report on the annual report as

required in terms of section 121 of the Local Government: Municipal Finance management Act and Circular no 32 issued by the Minister of Finance.

T2.1.1

*Photos*



**POLITICAL STRUCTURE**

**MAYOR**

**Cllr N. Nyukwana**

Presides at meetings of the executive committee

Performs duties, including any ceremonial functions and exercise the powers delegated to the Mayor by Municipal Council or the executive committee

**SPEAKER**

**D.S. Kalolo**

Presides at the meeting of the Council

Ensures that the council meets at least quarterly

Must ensure that the council meetings are conducted in accordance with the rules and orders of the council

**CHIEF WHIP**

**S. Liwani**

Performs duties that are delegated to him by Council

*Photos (optional)*

**EXECUTIVE COMMITTEE**

**EXECUTIVE COMMITTEE**

Chairperson:	Hon. Mayor N. Nyukwana
<b>INFRASTRUCTURE DEVELOPMENT AND HUMAN SETTLEMENT STANDING COMMITTEE</b>	
Portfolio Head:	Cllr N. Koni
<b>IPED STANDING COMMITTEE</b>	
Portfolio Head:	Cllr B.P. Twala
<b>GOVERNANCE STANDING COMMITTEE</b>	
Portfolio Head:	Cllr T. Kulashe
<b>FINANCE STANDING COMMITTEE</b>	
Portfolio Head:	Cllr N. Phendu
<b>COMMUNITY STANDING COMMITTEE</b>	
Portfolio Head:	Cllr S. Liwani
<b>MPAC COMMITTEE</b>	
Chairperson:	Cllr L. Mooi:

## COUNCILLORS

The municipality has Thirty Four Councillors (34): Seventeen (17) Councillors were elected in terms of the system of proportional representation and Seventeen (17) Councillors represent wards. The first Council Meeting elected the Mayor, Council Speaker and Chief Whip. The Mayor has an Executive Committee of five members.

### T 2.1.2

## POLITICAL DECISION-MAKING

The political decision making is supported by the Executive Management Committee. All recommendations from the Executive Management Committee are put forward to the relevant Portfolio Committees, who then make recommendations to the Executive Committee.

Once the Executive Committee has accepted the recommendation, recommendations are made to the Council. Council then takes a final decision on the matter. In the few cases where there is no consensus on a matter within Council, the issue will go to vote.

Once the Minutes of the Council meeting have been adopted, the responsibility lies with the Accounting Officer to ensure that actions are taken to implement such resolutions through appropriate directorates.

T 2.1.3

### 2.2.1 ADMINISTRATIVE GOVERNANCE

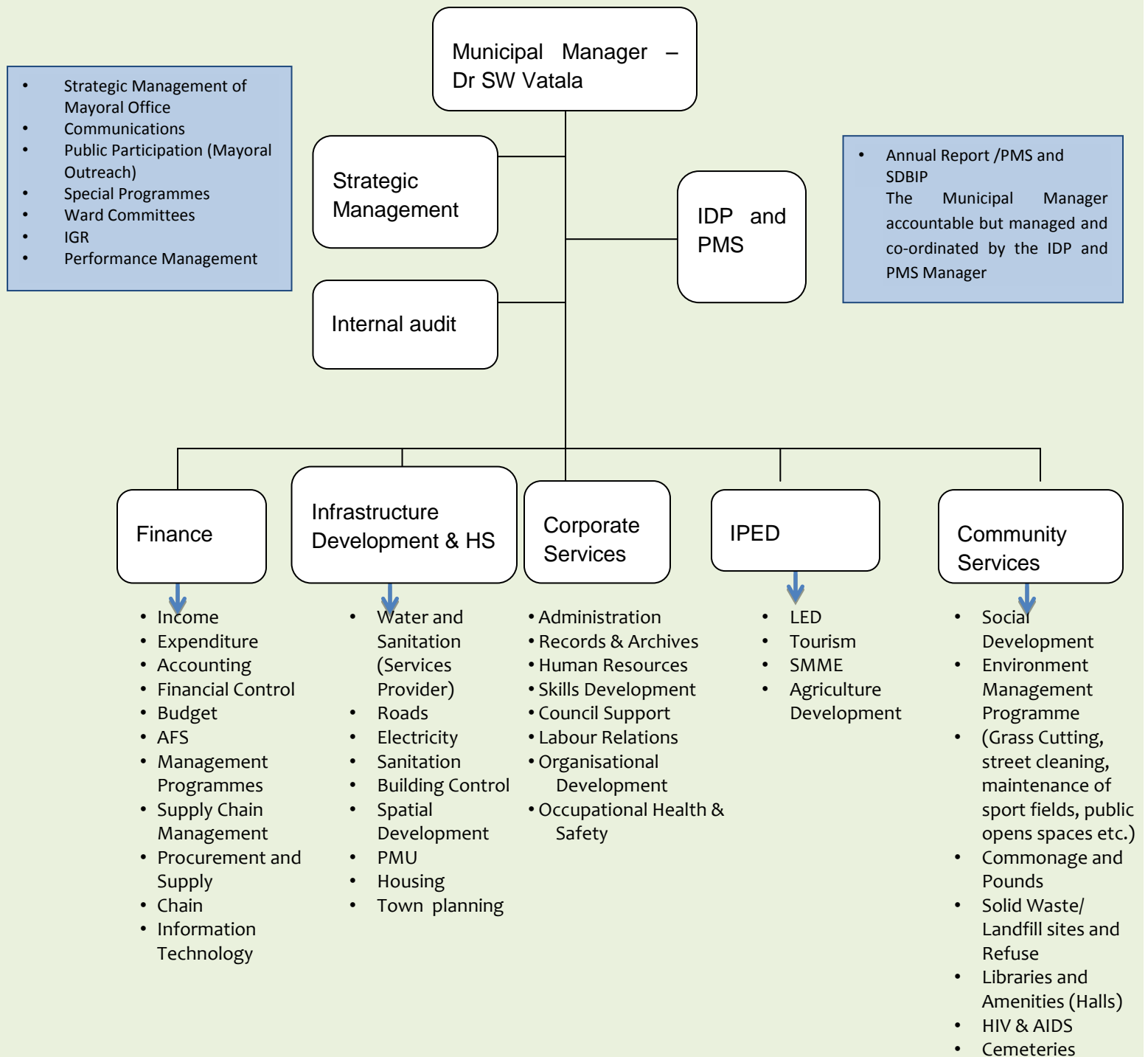
#### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

*Note: MFMA Section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.*

The 2013/2014 financial year marks the third year of this current administration. The following structure shows the macro organisational structure which was effective in the 2013/14 financial year.

Accounting Officer	Dr SW Vatala
Chief Financial Officer	Mr G de Jager
Director: Corporate Services	Mrs POB Sohe
Director: Integrated Planning and Economic Development:	Mr N Ntuyedwa
Director Infrastructure Development and Human Settlement:	Mr WN Mkuyana (replaced by Mr D Njilo who was appointed in April 2014)
Director: Community Services	Ms N Mnyengeza (replaced by Mrs N Nyezi appointed in May 2014)
Director Strategic	Mr A Stemela (until March 2014)

In the year under consideration, the organisational structure has also undergone a review and the following macro structure has been adopted by Council for implementation in the 2013/14 financial year:



In addition to the above, the Municipality has an established Internal Audit Unit, which conducts regular reviews of systems of control as well as compliance with legislated provisions and policies.

T 2.2.1

Photo



## **TOP ADMINISTRATIVE STRUCTURE –**

### **TIER 1**

#### **MUNICIPAL MANAGER**

Dr SW Vatala

### **TIERS 2 AND 3**

#### **Chief Financial Officer**

Mr G.P de Jager

#### **Director Corporate Services**

Mrs POB Sohe

#### **Director Integrated Planning and Economic Development**

Mr N. Mntuyedwa

#### **Director Infrastructure Development and Human Settlement**

Mr D Njilo

#### **Director Community Services**

Ms N. Nyezi

#### **Chief Internal Auditor**

Ms N Roboji

#### **Unit Manager: Dordrecht**

Mr O. Ndyumbu



<b>Unit Manager: Indwe</b> Mr M. Nziweni
<b>Manager IDP and PMS Manager</b> Mrs N Ncedo
<b>Manager Supply Chain</b> Ms B Tsotso
<b>Manager Project Management Unit</b> Mr L Wana
<b>Chief Accountant</b> Mr Dlova

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

*T 2.3.0*

#### 2.3 INTER-GOVERNMENTAL RELATIONS

##### DEVELOPMENT COOPERATION AND INTERNATIONAL RELATIONS

The role of local government in International Relations has moved significantly from the symbolism of the past to meaningful interaction of mutual benefit with far reaching implications for the image of South Africa and the development agenda at a local government level i.e. attainable economic benefits.

In this regard it has been determined that the growing demands and complexity of South African municipal service- delivery imperatives have impacted significantly on the range and depth of skills and competencies required from within the municipal economy, thereby necessitating serious consideration of municipal intergovernmental relations as an increasingly viable conduit for scarce skills and resources.

District IGR coordinated by the Chris Hani District municipality is in place and functioning effectively.

The municipality as well has its own IGR structure which composes of the municipal representatives (Members of the Executive Committee of Council and Officials) as well as

representatives from sector departments within the Emalahleni jurisdiction including those outside the jurisdiction.

*T 2.3.1 (a)*

### **NATIONAL INTERGOVERNMENTAL STRUCTURES**

The national department of Communications has identified ELM as one of areas where broad band communications will be piloted. As part of this project an implementing agent, namely USAASA (Universal Service Access Agency of South Africa), has already set up computer laboratories in one school and education department within ELM.

*T 2.3.1*

### **PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

The municipality is involved in the following IGR programmes and structures:

IGR continues in spite of many challenges that were experienced in the past. IGR cluster meetings were held although the “then” and “current challenges” relate to the ability to facilitate adequate attendance from all departments from within the IGR Forum. Additional efforts are being made to encourage support and attendance. Meeting dates are circulated and meetings held as required.

#### **Office of the EC Premier**

The office of the Premier of the Eastern Cape together with the Provincial Department of Economic Development continues to support business initiative within Emalahleni local municipality.

This has been demonstrated by the amount of support we received through the establishment of the coal operations run by Elitheni Mining Company.

The department of Rural Development and Agrarian Reform has been supporting the municipality in its efforts to enhance the production of Sorghum and other related produce like maize.

## INTERNATIONAL INTERGOVERNMENTAL STRUCTURE

Twinning arrangements have continued successfully between Emalahleni Local Municipality and City of Dordrecht in the Netherlands. This interaction and commitment (which has developed from a signed Memorandum of Understanding), has resulted in cross visits between these two municipalities and the exchange of experience.

As a result of the relationship the municipality has relations with City of Dordrecht in the Netherlands, with the mayor attending a conference / seminar in Dakar, Senegal where matters of LED were discussed to which during the year under review, those plans were implemented.

T 2.3.2

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The goal of the Municipality on Good Governance and Public Participation is to realize a viable and caring institution that will promote and support a consultative and participatory local government. This is in keeping with the current municipal vision:

*“A municipality that delivers appropriate, sustainable and affordable services towards socio-economic growth for the development of its community”*

The following section outlines how this has been carried out in the municipality.

T 2.4.0

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

T 2.4.1

The Municipal Manager's Office covers the following support units focusing on the inter-face of administration and political leadership:

- Offices of the Executive Mayor and Speaker;
- IDP/Budget/Performance Management;
- Communication and Development Cooperation;
- Public Participation and Special Programmes

The activities of this office are primarily focused on support for politically driven programmes – in the context of services delivery – and administrative compliance issues that are driven by or delegated through political principles of the municipality.

This office is also responsible for:

- Enhancing public participation in order to ensure participative local government, by engaging in municipal outreach programmes, Council meetings and Mayoral Imbizo's;
- Maintaining effective contact and interaction with all spheres of government (sector departments, NGO's, FBO's, CBO's as well as public private partnerships);
- Ensuring Risk Management and internal Auditing; and
- Ensuring that all aspects of compliance and legal responsibilities are attended to.

#### **Functional Responsibilities**

- Public Participation;
- Ward Committee functioning;
- Community Development Worker (through CDW functioning);
- Twinning relations between Emalahleni Local Municipality and Dordrecht Municipality (Netherlands);
- Communications (Internal and external);
- Special Programmes;
- Internal Audit;
- Intergovernmental Relations;
- Legal and compliance management;
- Internal and External Service Delivery; and
- Integrated Development planning and Performance Management

#### **Focus Areas 2013/2014**

- Implementation of Special Projects;
- Improved Public Participation initiatives;
- Improving interaction with CDW's;
- Facilitation of Intergovernmental Relations;

- Improved Communication (Internally and externally);
- Application of Performance Management;
- Compliance in respect of all legal and administrative commitments; and
- Facilitation and coordination of the IDP.

### **Performance Reporting and Challenges**

#### **Public Participation**

Council is committed to the promotion of local democracy through the involvement of communities in its planning and decision-making processes. Consultative forums such as: the Representatives Forum, Lekgotlas', Exco Outreaches, Ward Committee meetings, Traditional Leaders, CDW operations and the like were held and took place.

Communities were encouraged to take part in project implementation exercises via their locally based organisations, such as co-operatives, trusts, NGO's and Project Steering Committee meetings.

Every effort was made to develop and improve relations with stakeholders and customers.

The Presidential Fraud Prevention Hotline was used to ascertain customer feedback and meetings are regularly held weekly, in order to address issues raised.

During the year under review, a number of effective public participation interventions were held. These include:

#### **IDP Outreaches**

As per the IDP Process Plan, IDP and Budget roadshows were held throughout the municipality and according to a scheduled program. Each ward was visited by a team comprising politicians and management and led by an executive committee member. Participation outreaches were held in 17 wards and three visits per ward.

<h3><b>WARD COMMITTEES</b></h3>
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Ward Committees are the appropriate channel through which communities can lodge their complaints. In a broader sense a Ward Committee should be a communication channel for the entire community residing in the respective ward.

**Major Issues Dealt with by the Ward Committee System**

The following key issues were addressed through the ward committee and public meetings

- **Ward Committees**

In May 2011 as the new Council came into office, 17 Ward Committees were elected and the 170 elected members were suitably trained and inducted in order to ensure that they function effectively. Training efforts were held during September 2011 and focused on the areas of: meeting procedures and the importance of meeting minutes. Minute taking remains an important area for training and a designated “secretary” is required to be trained to ensure that minutes are taken and made available timeously and in the manner prescribed.

Monthly meetings occur as scheduled and Ward Committee quarterly meetings are held with all ward committee members, CDW's and Ward Councilors (coordinated by the Office of the Speaker). All reports on Ward Committee Structures and the training implemented have compiled and presented as required.

- **Reports to Council**

These remain public documents and the Speaker reports on the activities of the Ward Committees to Council regularly.

- **Business Forum Meetings**

In an effort to facilitate stakeholder consultation, business forum meetings are established. This forum is not yet fully effective.

- **Community Development Workers**

CDW's are employed by the Department of Local Government and Traditional Affairs and placed in each ward; to assist communities to link with their municipalities and government departments. The effectiveness of these CDW's is compromised by the fact that they report directly to the Department rather than to the municipality and this affects reporting and the provision of instruction. Accountability to the communities is to be facilitated and improved.

Auxiliary workers are appointed by the municipality for a period of 12 months and are used to collect required data from their communities, after receiving training on how to acquire reliable data. In this manner they become agents of public participation.

While great improvements have been experienced within the field of public participation ongoing focused efforts and the involvement of all stakeholders is required.

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Municipality makes more appropriate decisions based on the priority needs of the community.

T 2.4.4

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	No
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	T 2.5.1

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

*T 2.6.0*

#### 2.6 RISK MANAGEMENT

#### RISK MANAGEMENT

Risk Management is a statutory imperative which must be complied with. The municipality is therefore required by law to develop proper systems of risk management for purposes of mitigating further risk and to encourage and promote a risk management culture in the institution.

#### **Management of Legal Risk**

The Municipal Manager's role within risk management is to:

- Engage proactively in the development of a vibrant risk management framework;
- Develop and promote strategies that assist in the achievement of the broader risk management objectives of the municipality;
- Flag areas of potential risk and engage other stake holders to introduce best practice models; and
- Engage meaningfully in the review processes relating to risk management.



Below, are the risks identified across the institution:

2013 – 2017 Top (13) Strategic Risks For Emalahleni Local Municipality					
Ref:	Risk	Risk Comments / Sub-risks	Likelihood	Impact	Combined Risk Assessment
3	Limited water sources	<ul style="list-style-type: none"> <li>Dilapidated infrastructure</li> <li>Vastness of area</li> <li>Illegal connections</li> </ul>	4	4	16
10	Infrastructure backlog	<ul style="list-style-type: none"> <li>Ineffective management of storm water</li> <li>Natural Disasters</li> </ul>	4	4	16
6	Inability to identify Indigent Households	<ul style="list-style-type: none"> <li>Inaccurate indigent register</li> </ul>	4	4	16
12	Non Compliance to Environmental Legislation	<ul style="list-style-type: none"> <li>Ineffective Implementation of the Integrated Waste Management</li> </ul>	4	4	16
26	Fraud and Corruption	<ul style="list-style-type: none"> <li>Lack of Monitoring controls</li> </ul>	4	4	16
34	Non Implementation of the Asset Management Policy	<ul style="list-style-type: none"> <li>Lack of Centralized stores</li> </ul>	4	4	16
37	Non Implementation of Public Participation Strategy	<ul style="list-style-type: none"> <li>Poor Community Participation</li> </ul>	4	4	16
30	Non-compliance to Legislative Framework	<ul style="list-style-type: none"> <li>Deliberate disregard of internal controls (i.e. Policies and Procedures)</li> </ul>	4	4	16
17	Ineffective implementation of bylaws	<ul style="list-style-type: none"> <li>Absence of the law enforcement unit (traffic section)</li> </ul>	4	4	16

<b>24</b>	<b>Lack of Internal Communication</b>	<ul style="list-style-type: none"> <li>• Ineffective Municipal Structures</li> </ul>	4	4	16
<b>27</b>	<b>Ineffective implementation of the PMS Framework</b>	<ul style="list-style-type: none"> <li>• Non cascading of the performance to the lower levels</li> <li>• Poor planning</li> <li>• Lack of review of the performance framework</li> <li>• Lack of performance policy</li> </ul>	4	4	16
<b>28</b>	<b>Ineffective document management and safeguarding of records</b>	<ul style="list-style-type: none"> <li>• Minimal capacity of the server</li> <li>• Poor power supply</li> <li>• Lack of human capital and human services</li> <li>• Lack of fire proof storage</li> <li>• No back ups</li> </ul>	4	4	16
<b>31</b>	<b>Non enhancement of revenue</b>	<ul style="list-style-type: none"> <li>• Outdated debtor's database</li> <li>• Incorrect billing</li> <li>• Non implementation of the LED Strategy</li> <li>• Outdated Revenue Enhancement Strategy</li> <li>• Culture of non-payment of services</li> <li>• Lack of clear addresses to deliver accounts</li> </ul>	4	4	16

**2.7 FRAUD AND ANTI-CORRUPTION****FRAUD AND ANTI-CORRUPTION STRATEGY**

*Note: As a matter of procedure Disciplinary Action is taken on cases of financial mismanagement. MSA 2000 s 83 (c) requires that action is taken through a process which minimizes the possibility of fraud and corruption.*

Anti-corruption and fraud strategies are in place and applied although it is recognized that controls need to be tightened as a matter of course. In an effort to manage risk and fraud prevention, strategies and implementation plans for risk have been developed. The municipal / presidential hotline is used to report fraudulent and irregular activities and issues that are raised are dealt with regularly and efficiently.

The strategy sets out an aggressive and firm attitude towards fraud and corruption; undertaking to aggressively seek it out, investigate allegations, prosecute offenders, and encourage staff to report any incidences. The document is worded in such a way as to achieve “buy-in”. It seeks to create a level of fraud awareness among staff and encourage them to report suspected fraud in the workplace. It highlights that the primary means of detecting fraud is a sound system of internal control. Other measures include highlighting red flags, setting out details of fraud assessment questioning, mandatory vacations, surprise audits, investigative techniques, training, etc.

It also sets out details of the “who, what, where, when, why and how” of responding to fraud or allegations of fraud.

The plan defines “damage control” processes, sets the action plan in motion, and controls the investigation and recovery procedures. Implicit in this is the institution of disciplinary action when required and improved internal control procedures. It is the overall “game plan”.

The emphasis is on the creation of awareness that fraud is a possibility, which must not be taken lightly, and that management has a duty to actively seek out fraud.

As part of the fraud prevention strategy, awareness workshops are planned for the 2013/14 financial year and departments considered at risk will be assessed, to highlight areas of concern.

The municipality reports all fraud and criminal offences to the relevant institutions. No criminal or fraud cases were reported in the year under review.

The Municipality has been reluctant to introduce this mechanism without the capacity to handle the investigations that would follow its introduction. Notwithstanding, tips and reports are followed up.

Aligned therewith, the Municipality established an Audit Committee a number of years ago. The membership of the Committee is from outside the Municipality (i.e. no Councillors or officials form part of this Committee) and it is considered independent. This Committee reports directly to Council.

The Municipality has had to institute criminal matters in the Magistrate's Court from time to time. To this end close collaboration is maintained with the Office of the Public Prosecutor. No criminal action was instituted in the year under review.

As a general principle, segregation of duties is of common application to reduce the likelihood of irregularities. This process is under constant review.

T 2.7.1

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW OF SUPPLY CHAIN MANAGEMENT

*Note: MFMA Section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out the required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.*

T 2.8.1

ELM adopted its Supply Chain Management Policy in 2010 and it is reviewed annually. The risk assessment on the Supply Chain Management system was as well conducted during 2013/2014 and the mitigating mechanisms in place and implemented.

The system of Supply Chain Management Unit consists of the following sections:

- Acquisitions Section
- Contracts and Risk Section
- Logistics and Warehousing Section

Supply Chain Management practices and policies are improving continuously and all aspects of the Supply Chain Management Framework are strictly applied. All required aspects of Demand and Acquisition Management are incorporated, a Preferred Suppliers' Database is maintained and utilized, the Bid Committee operate effectively and all aspects of Supply Chain Management are implemented where at all possible. Issues requiring attention are formally addressed.

An SCM Procedure Manual was been developed and approved. An SCM Movable Asset Disposal Procedure and a Committee are in place to ensure proper disposal of Municipal assets. The SCM institution uses a quotation and an open bid system to procure services and goods required for the service delivery requirements of the institution.

All three Supply Chain Management Committees (the BSC, BEC and BAC) were appointed, all with proper written and signed delegations.

From a reporting compliance perspective, SCM reporting is complied with and is available. However, reporting from Service Departments in respect of the performance of Service Providers / Contractors is not achieved /reported on effectively and this remains an area of concern not to mention falling short of compliance prescriptions.

Notwithstanding the challenges, steps have been taken to ensure compliance with the existing procurement policies and procedures. The policies have been updated and employees were taken through the updated policies.

Issues of non-compliance during 2013/2014 financial year in respect of Supply Chain Management regulations were incorporated into the Audit Action Plan and actions to remedy these areas were planned for 2014/2015 financial year.

A position of a Manager: Supply Chain Manager was created in the Organogram and was filled in 2013/2014 financial year. This critical post is required to be filled as soon as possible in order to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

### **Challenges at Supply Chain Management Unit**

- i. SCM Unit Structure is not in line with SCM system as per the MFMA.
- ii. Existence of satellite stores within the municipality results in stock inventory discrepancy.
- iii. Manual system of SCM procurement.
- iv. Irregular expenditure transaction within the supply chain system as a decentralized system, and non-separation of duties or powers.
- v. Non- compliance with the all the SCM system's requirements in line with the implementation checklist, as set in National Treasury MFMA Circular 40.

**Remedial action**

- i. Adoption and implementation of the proposed structure in line with the MFMA requirements.
- ii. Integration of all stores under SCM (implementation of the diagnostic report recommendations);
- iii. Implementation of an automated SCM Procurement System.
- iv. Centralization of procurement processes through SCM and full implementation of a system of delegation and separation of duties and powers, and elimination of irregular expenditure.
- v. To be fully compliant with the all the SCM system's requirements, in line with the implementation checklist as set in National Treasury MFMA Circular 40, by the end of the next financial year.

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**2.9 BY-LAWS**

Owing to insufficient resources, the municipality could not review nor develop any new by-laws in the 2013/2014 financial year. The plan to review and develop was brought forward to be budgeted and implemented in the 2014/2015 financial year.

Below is a list of municipal by-laws that were implemented in the 2013/2014 financial year:

- Tariff by-law March 2007
- Credit Control March 2007
- Indigent Support March 2007

<b>COMMENT ON BY-LAWS:</b>
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*T 2.9.1.1*

The review of the Municipality's by-laws has been prioritised. During the year in review, By-laws, policies and procedures were updated. Implementation remains a challenge and these are required to be introduced through the process of conducting workshops.

The municipality may have to undergo a process of appointing a project manager who will:

- Interact with the various directorates to establish their needs in this regard.
- Do research on the subject matter of the by-laws.
- Draft the by-laws.
- Verify with the relevant directorates.
- Workshop the by-laws with officials and councillors.
- Engage stakeholders in public participation.
- Have the by-laws adopted by Council; and
- Arrange for promulgation of the by-laws.

It must be noted that this is a multi-year project.

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### **2.10 KNOWLEDGE MANAGEMENT**

The municipality identified information technology as one of the most powerful tool used to achieve the objectives of knowledge management. This can only be achieved by having a fully functioning and up to date website. The municipal website has progressed and has functioned relatively well, with all municipal documents as per the requirements of the MFMA loaded and updated. There is still room for improvement

Regardless of the achievements mentioned above, the municipality had no capacity to develop and maintain the website fully and had resorted to outsourcing the service. A service provider was appointed to assist in this regard. Budget has been allocated to capacitate the information and communication technology section in the next financial year. The municipality had an intern in place to ensure that skills are transferred by the appointed service provider to the municipality internal IT section in the Corporate Services department.

The intention is to have the ELM website maintained in-house.

**2.10 (A) WEBSITES****COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS:**

Uploading of information in the municipal website has relatively improved this last financial year, with the assistance of the service provider that has been appointed to deal with IT. It is also safe to report that, Communications department is struggling to get information on time upload onto the website.

It is critical that each department assigns someone to assist with the loading of documents on the website, especially those that are mandated by law to be made available on the website.

## **CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)**

**INTRODUCTION**

The primary role of a municipality is to provide and facilitate the delivery of services to its communities. It is therefore imperative for the municipality to understand the extent to which households in its areas of jurisdiction have access to the various services that are essential for their livelihood.

A COMPREHENSIVE INFRASTRUCTURE PLAN (CIP) was developed with assistance with the province. However, a review of the existing CIP requires a thorough review that will be informed by the current statistical data. The CIP is used to influenced for baseline data and informing the projects to be implemented.

Furthermore ELM has made a decision to develop an inclusive Infrastructure Investment Plan. ELM currently utilizes various sector plans to plan for infrastructure planning and investment. These plans are; Housing Sector Plan, Water Service Delivery Plan, Infrastructure Asset Maintenance Plan, Electricity Master Plan.

Notwithstanding the current challenges, ELM is quite advanced in providing the prescribed basic service per household, as it relates to water, sanitation and electricity. This has included making the necessary provision for informal settlements in the interest of increasing access for all citizens of the municipality.



The rapid growth of urban centres is putting pressure on the municipality to increase its capacity in order to respond to the service calls timeously. Provision of water, sanitation and electricity services is dispensed by using internal capacity within the municipality, as well as contractors which are procured through the supply-chain management process.

There are no contracts with state entities for execution of powers and functions assigned to the municipality at this stage, for the above mentioned services. All indigent consumers are provided free basic services through this model of operations and service provision.

*T 3.0.1*

## COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and a summary of the free basic services provided.

### INTRODUCTION TO BASIC SERVICES

*T 3.1.0*

The municipality provides basic services according to the acceptable standards for settlements within the urban edge and those outside the urban edge. The following provisions are made:

## WATER SERVICES

Emalahleni Local Municipality has been appointed as the Water Services Provider by the Chris Hani District Municipality. Water and sanitation is therefore required to be provided to all rural and urban areas within this area, while taking into account the infrastructure limitations and challenges.

The municipality has an existing contract with Chris Hani District that makes provision of water service and new developments. All planned water projects that require EIA, licenses, legal requirements are budgeted for in the budget as reflected in the project register. An ISD unit is used for social participation for all water service delivery projects (comprising of Communications Officer, Housing Officer, Public Participation Officer and Customer Care Practitioner) An integrated planning platform exists between ELM, Chris Hani District and Department of Water Affairs through bilateral meetings and IDP Representative Forum. This means that the responsibility for water services policy remains with CHDM and our role will be to set-up operational arrangements for the water and sanitation services delivery.

It is acknowledged that service delivery and availability is more accessible in the urban areas. (18 769 yard connections in 3 towns vs. 200m applicability for 105 948 residents in over 200

villages). Planning is underway and required to ensure that these backlogs are addressed, and reported accurately together with plans for sustainable development. Emalahleni Municipality met the target of ensuring that access to water was provided to an additional 2 400 households.

### ***Outside the Urban Edge***

Outside of the Urban Edge, the basic level of is provided.

### ***Within the Urban Edge***

The level of service for households within the Urban Edge is as follows:

- Target level: erf. connection and water borne sanitation; and
- Minimum level: yard connection

Emalahleni Local Municipality has been appointed as the Water Services Provider by the Chris Hani District Municipality. Water and sanitation is therefore required to be provided to all rural and urban areas within this area, while taking into account the infrastructure limitations and challenges.

## **SANITATION SERVICES**

### ***Within the Urban Edge***

Informal settlements:

- Essential sanitation services are provided by ELM's Community Services Department to existing informal settlements in the form of chemical toilets (planned to be replaced with waterborne sanitation).
- The provision of internal services to new RDP and social housing is also undertaken by Community Services Department.

The Municipality was appointed by Chris Hani District Municipality to provide a sanitation service to the area. Sanitation services differ quite dramatically between the various areas of Emalahleni and it is noted that: waterborne systems are provided within Dordrecht, Lady Frere and Indwe, and VIP toilets and a pit latrine system are used within villages. More specifically it is noted that:

- Lady Frere and Dordrecht utilize septic tanks and a full waterborne system, with effluent treatment within the oxidation ponds; and
- Within Indwe, the town centre and the lower town were serviced by septic tanks and full waterborne systems. Within this section, 160 buckets are being gradually eradicated.

### ELECTRICITY

ELM only provides electrical connections to settlement areas within the urban edge, i.e. Dordrecht and Indwe areas. Eskom is responsible for the provision of electrical connections outside of the urban edge.

Success has been experienced in respect of the Turnkey Project which is currently 95% complete (relating to Phase 9 of the Rural Cacadu Extension). This specific project was undertaken in order to provide electricity and electrical services to the consumers within the Eskom area. Required funding for the creation of related infrastructure was made available from the Department of Minerals and Energy and it was required that Eskom would connect the required electricity.

### SOLID WASTE MANAGEMENT

Solid Waste Management has included, to date:

- Street cleaning;
- Refuse removal;
- Landfill Site Management
- Waste minimization; and
- Public awareness's

As within the previous period it is noted that the Municipality is in possession of the Integrated Waste Management Plan which was developed in 2011/2012 financial year which is due to be reviewed.

The solid waste section was functioning effectively:

- Refuse Removal was regularly removed from residential areas (weekly) and from the CBD area daily;
- Illegal dumping cases were cleared;
- An Environment Impact study was conducted by the Department of Environmental Affairs to establish the status and location of current sites (establishing that none of the 3 sites were licensed);
- Efforts to rehabilitate these 3 dumping sites have been planned; and
- This project has centered on establishing the landfill sites and the transfer station.

Street sweeping occurs across the municipality, with a specific focus on the high volume areas.

During the year under review, 8.8% of all households was provided with waste removal services in line with national standards. In some cases, road- infrastructure limits the

accessibility of residential (usually informal) areas. In some instances, waste reception areas are provided to enable waste collection.

Ongoing challenges for refuse removal relate to staff shortages and CHDM has provided assistance with the provision of casual employees. Notwithstanding these challenges, the refuse collection function has been well achieved.

### 3.1. WATER PROVISION

#### INTRODUCTION TO WATER PROVISION

##### WATER SERVICES

ELM is a Water Services Provider for its entire area of jurisdiction.

As the Water Services Provider, Emalahleni Municipality was required to supply water and sanitation services to both rural and urban areas. Backlogs in water continued to be focused within the rural areas.

With effect from 1 July 2012, a new agreement was entered into with the District Municipality whereby the municipality acts as a water services provider for the delivery of Water and Sewerage functions with risks and rewards being transferred to the municipality. Prior to that date the municipality acted as an agent for the District Municipality. Currently the rendering of these services continues uninterrupted, notwithstanding the extensive challenges that have faced the water-related targets and backlogs.

##### WATER RESOURCES PROFILE

#### **Water Services Delivery Strategy and Main Role-Players**

It is noted that the majority of towns in the Chris Hani District Municipality are supplied from surface water sources. Communities within the rural areas tend to rely heavily on unprotected springs, streams and boreholes for their water supply.

At the District wide level it is noted that CHDM has an adequate water resource, although this is not evenly distributed and bulk infrastructure does not always exist in order to transfer the water effectively for consumption by communities.

Emalahleni Local Municipality was appointed by the Water Services Authority (CHDM) as a Water Services Provider (WSP). As such Emalahleni Municipality is responsible for

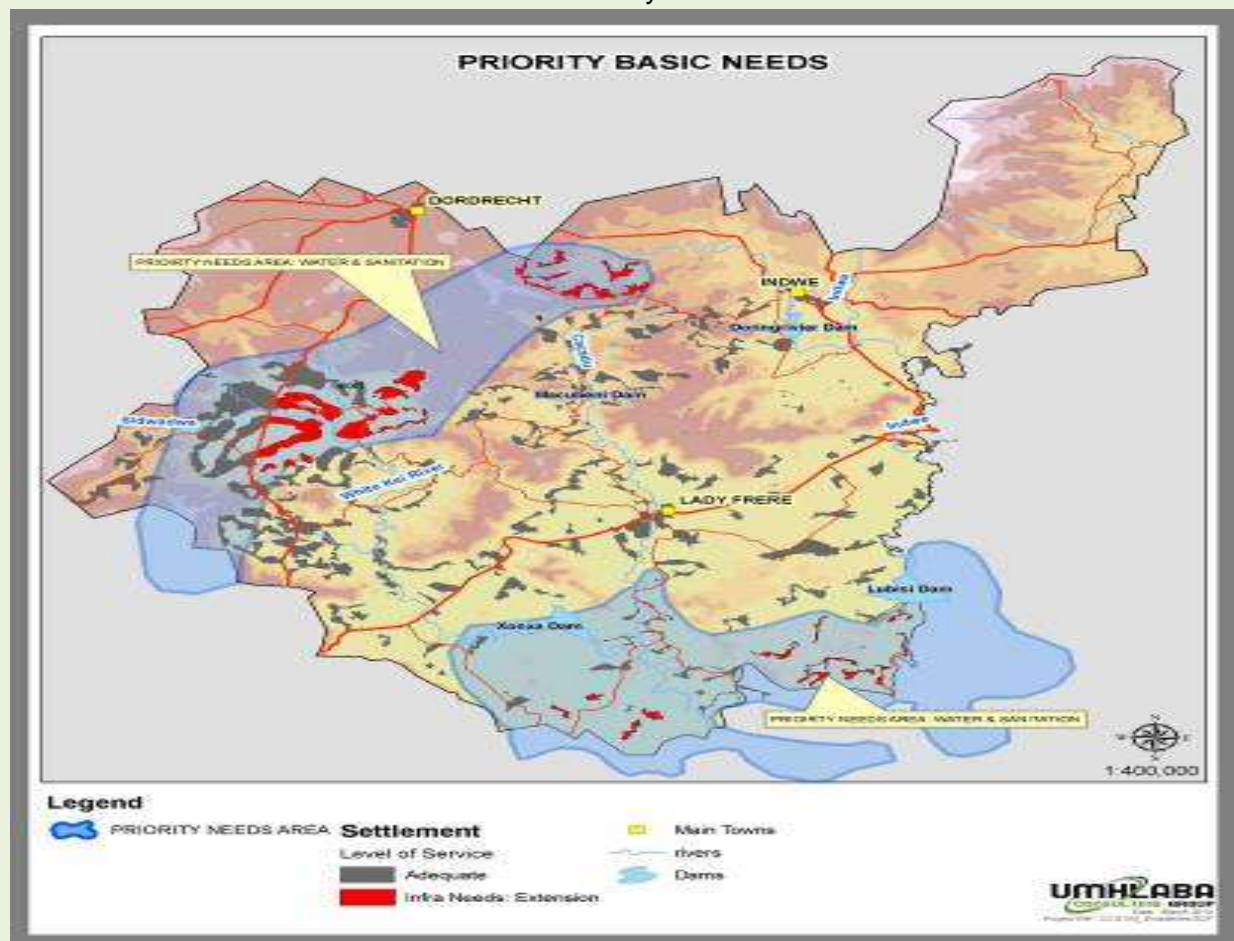
supplying water and sanitation to the rural and urban areas. Service delivery was therefore required to meet the needs of approximately 119 460 municipal residents.

### Access to Water

Regional/local water scheme (operated by municipality or other water services provider)	54650
Borehole	4305
Spring	4520
Rain water tank	592
Water tanker	8000
Other	805

The following figure shows the priority needs with regard to water provision in the municipality.

Water Priority Needs



Notwithstanding the appointment of Emalahleni Municipality as a Water Services Provider, assistance and support is provided ongoing by Chris Hani District Municipality and a number of projects have been undertaken to improve water services delivery within the Emalahleni Local Municipal area. These are reflected as follows:

CHDM PROJECT	PROGRESS
Vukani Bulk Services	Completed
Cluster 1 Water backlog Agnes Rest	Completed
Agnes Rest Phase 2	Completed
Buffeldoring	Construction
Buffeldoring Gcina Village	Construction

#### **CAPITAL BUDGETS FOR WSP, WATER AND SANITATION (2013 / 2014)**

PROJECT	AMOUNT	PROGRESS
Maqhashu (Ekuphumleni)	350 000	Complete
Maqhubela to Hala 01 and 02	1 200 000	Complete
Eluxeni	417 694	Complete
Deep Level	446 469	Complete
Qoqodala (Emmngweni)	501 138	Complete
Kunkangala	122 109	Complete
Ezisoyini	416 070	Complete
Sewer Blower	R 350 500.00	Purchased in 2013/2014 FY

#### **Levels and Standards in Water Services**

The Municipality faces a number of challenges when considering the levels and standards of water services. It is acknowledged that those in the rural areas have low levels of access to water.

#### **Annual Performance as per Key Performance Indicators in Water Services**

The table below provides the level of required and actual performance for required indicators within water services during the period under review.

**2013/2014 Performance reporting figures for Water Services:**

Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	Number Achieved during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to potable water = 95%	28450	2500	2500	1 200	100%
2 Percentage of indigent households with access to free basic potable water = 100%	5 165	3 465	1 700	1 700	100%
3 Percentage of clinics with access to potable water	29	0%	0%	0%	0% No targets
4 Percentage of schools with access to potable water	162	0%	0%	0%	0%

**2013/2014 performance reporting figures for Water Services:**

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to potable water = 40%	33 788 100%	5 635	100%	5 635	100%
2 Percentage of indigent households with access to free basic	82% stand & yard taps 18% water carting (source:	33 788	33 788	33 788	100%

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
potable water = 100%	Global Insight)				
3 Percentage of clinics with access to potable water	29 Clinics	0%	0%	0%	0%
4 Percentage of clinics with access to potable water	29 clinics	0%	0%	0%	0%

**Note:** Source Global Insight, annual backlog targets are determined and implemented by Chris Hani District Municipality. Free basic water is delivered by tankers to all areas that are not yet served.

### Water Services Backlogs

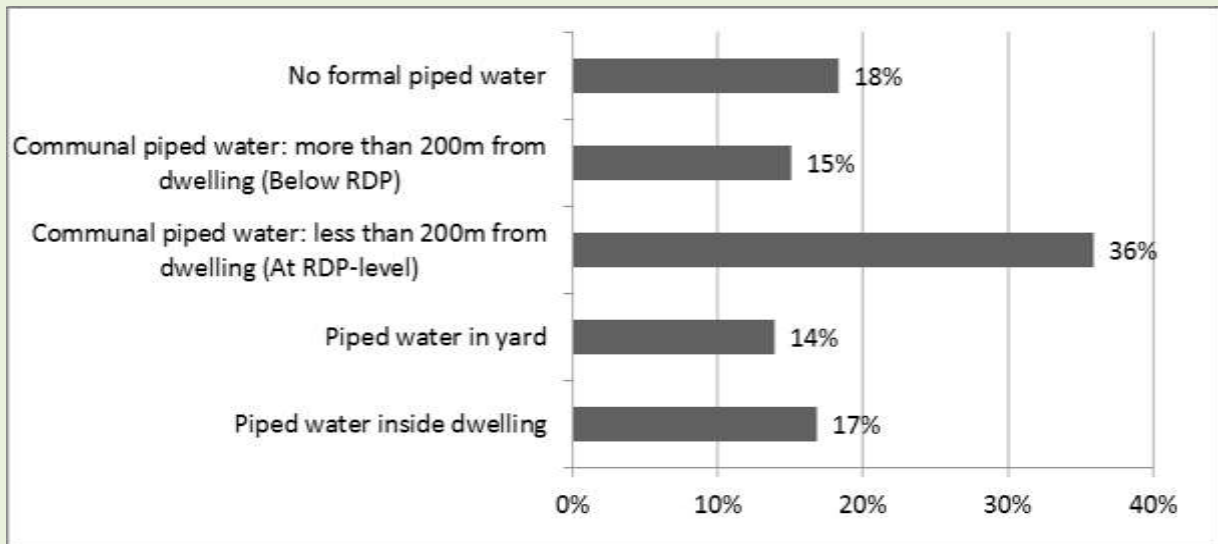
As with the 2013/2014 period, the Water Services section continues to experience extreme challenges and these relate specifically to natural phenomenon such as flooding and drought, and poor electricity provision from Eskom.

Households			Required Budget	Budget Amount	Actual Expenditure
Total No.	Served	Under served			
33,788	13 735	18 206	R581 000 000	R 10 000 000	
The majority of these projects are at the implementation stage					
Remedial Action		CHDM undertook to address the situation.			

Access to basic levels of water served is 43%.

Underserved is 66.6% (variance of 46% target was set @ 80%)





Household access to water supply has slightly improved to an **estimated 66, 6%** of households having access to piped water at above the RDP level. The current backlog for water supply is estimated at 33, 4%.

#### **Major Challenges in Water Services and Remedial Actions**

The Water Services section continues to experience extreme challenges. These are related primarily to natural phenomenon such as flooding and drought, and poor electricity provision from ESKOM.

Additional funding is always required to assist in addressing hardships caused by drought and the Drought Relief Fund was made available in the previous financial year.

#### **SERVICE DELIVERY: WATER AND SANITATION BACKLOG DATA**

BACKLOG TYPE	PROJECT TO BE IMPLEMENTED	ESTIMATED BUDGET	No. of HOUSEHOLDS	ESTIMATED COMPLETION
<b>Water</b>	Water Backlog Cluster 1	R 241 406 789	7090	2030
	Water Backlog Cluster 2	R 364 520 796	9338	2020
		<b>R 605 927 585</b>	<b>16 428</b>	
<b>Sanitation</b>	Sanitation Backlog Region 3 – Total	R 166 681 511	26250	2014
	Emalahleni LM portion only	R 123 953 896	19521	2014

#### **PROJECTS PLAN: ASSET FINANCE RESERVES (AFR) FUNDED PROJECTS**

**Water projects**

Project Description	Project Outputs	Ward	Dept	GFS	Year Financial Plan
					2012/13
Upgrading of Indwe waste water	Waste water upgraded	16	CHDM	CAPEX	R 2 000 000
Upgrading Dordrecht Waste water plant	Waste water upgraded	14	CHDM	CAPEX	R 2 000 000
Refurbishment leaking reservoir in Mt Arthur	Reservoir refurbished	12	CHDM	CAPEX	R 250 000
Cacadu Water Villages	Water service provision	ELM	CHDM	MIG	R 500 000
Vukani Bulk Services Water & Roads	Bulk water services erected	16	CHDM	MIG	R 250 000
Indwe Rehabilitation of Roads & Storm Water	Rehabilitation of Roads & storm water	15	CHDM	MIG	R 6,1 000 000
Water Backlog (Cluster 1)	Water backlog addressed	07,08,10,13 & 14	CHDM	MIG	R 14 000 000
Water Backlog (Cluster 2)	Water backlog addressed	01,02, 04& 06	CHDM	MIG	R 5 000 000

**3.2 WASTE WATER (SANITATION) PROVISION****INTRODUCTION TO SANITATION PROVISION***T 3.2.1*

Emalahleni Municipality was appointed by Chris Hani District Municipality to provide a sanitation service to the area. Sanitation services differ quite dramatically between the various areas of Emalahleni and it is noted that: waterborne systems are provided within Dordrecht, Lady Frere and Indwe, and VIP toilets and a pit latrine system are used within villages. More specifically it is noted that:

Lady Frere and Dordrecht utilize septic tanks and a full waterborne system, with effluent treatment within the oxidation ponds; and

Within Indwe, the town centre and the lower town were serviced by septic tanks and full waterborne systems. Within this section, 160 buckets are being gradually eradicated.

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to sanitation services	250805	6100		N/A CHDM	N/A CHDM
2 Percent of indigent households with access to free basic sanitation services	359		359	341	94.98%
4 Percentage of clinics with access to sanitation services	29	0%	0%	0%	0%
5 Percentage of schools with access to sanitation services	162	0%	0%	0%	0%

Note: Targets for households are facilitated by Chris Hani District Municipality

**During 2013/2014 the following performance indicators for sanitation apply:**

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households with access to sanitation	34 315	14 329	4776	4776	100%

	services					
2	Percent of indigent households with access to free basic sanitation services	30 883	14 329	716 (Urban)	716 (Urban)	100%
4	Percentage of clinics with access to sanitation services	29 (Clinics)	29(Clinics)	0%	0%	0%
5	Percentage of schools with access to sanitation services	162	0%	0%	0%	0%

**Note: Source CHDMWSP (2013 review)**

Sanitation related projects (that fall under CHDM) have been implemented over a three year period – requiring regular progress reporting. The construction phase for the following projects has been reached:

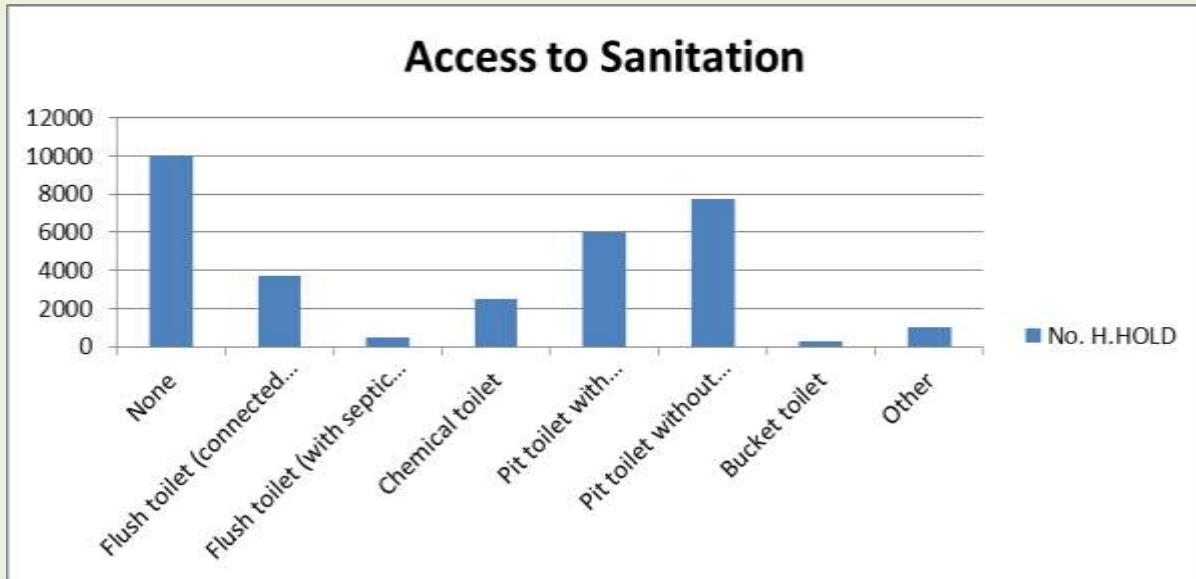
- Cluster 4 Sanitation (Wards 2,3,4,5,15,16,Vukani Guba and Percy Villages); and
- Cluster 3 Sanitation (Wards 7, 8,9,10,11,12,13 and 14).

#### ACCESS TO SANITATION: NATIONAL PERSPECTIVE

Nationally, there has been a remarkable improvement in terms of access to sanitation; however the picture is not the same in both the Eastern Cape Province and Chris Hani District, whereby there has been no progress at all since 2008 – 2010.

The picture is even worse when it comes to Emalahleni Local Municipality, in which there is no improvement at all.

## ACCESS TO SANITATION: LOCAL PERSPECTIVE



This graph presents a picture of Emalahleni local municipality in as far as it relates to the provision of sanitation (Flush or chemical toilets; Pit latrine; and Bucket latrine).

In terms of the Flush or chemical toilets there has been a very slow improvement since 1995 - 2010. Pit latrine usage has been consistent throughout the years since 1995. The usage of a bucket system is still prevalent especially in towns (Indwe and Dordrecht) wherein there is a back log in as far as it relates to eradication of bucket system by 2014( MDG:2000 ). This graph depicts that the majority of households use Pit Latrine as a sanitation system; perhaps this is due to the rural nature of the municipality.

### Access to Sanitation

Sanitation backlog in the Emalahleni Municipality is very high (76.0%) and approximately R66 953 554 is required to eliminate the backlog. Over half of the number of households depends on pit latrines. Most of the households with waterborne sanitation are located in the smaller towns of Lady Frere, Indwe and Dordrecht. Table 4 shows the current status of the access to sanitation by households.

### Level of sanitation

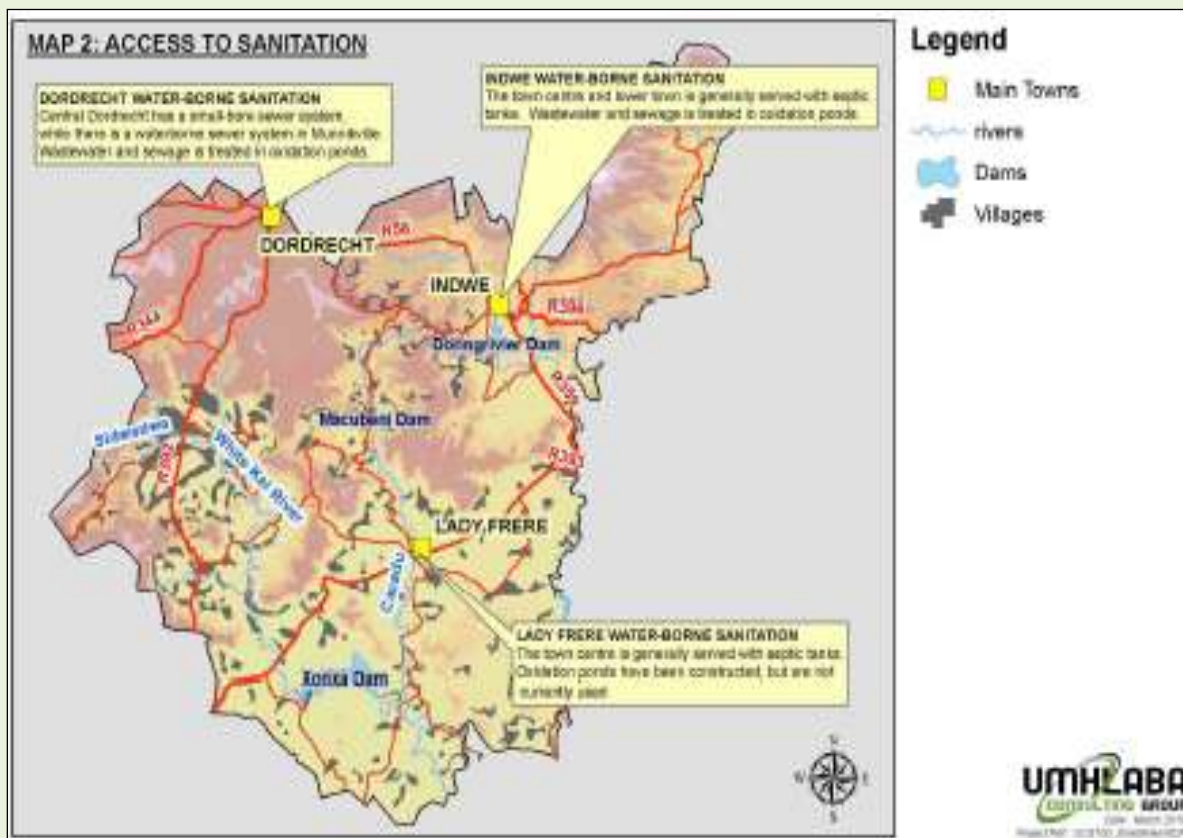
None	10025
Flush toilet (connected to sewerage system)	3730

Flush toilet (with septic tank)	457
Chemical toilet	2469
Pit toilet with ventilation (VIP)	5997
Pit toilet without ventilation	7718
Bucket toilet	287
Other	999

Source: STATS SA 2011

Formal sanitation services to the 3 main towns of Lady Frere, Dordrecht and Indwe, according to the IDP are briefly summarized below:

### Access to Sanitation



Formal sanitation services to the 3 main towns of Lady Frere, Dordrecht and Indwe are described below:

- Lady Frere: The town centre operates on a system of septic tanks and full water borne system. The outlying suburbs are serviced by a bucket system with effluent

treatment in a maturation pond system. It is reported that the treatment system has recently augmented by the addition of some new oxidation ponds.

- Dordrecht: The central area of the town is serviced by a small-bore reticulation network, which feeds a maturation ponds treatment facility.
- Indwe: The town Centre and lower town are serviced by a system of septic tanks and full water borne system.

#### **PROJECTS PLAN: ASSET FINANCE RESERVES (AFR) FUNDED PROJECTS**

##### **Sanitation**

Project Description	Project Outputs	Ward	Dept	GFS	Planned Financial Expenditure
					2012/13
Mackay'snek : Erection of Sanitation facilities	Sanitation facilities in place	6	CHDM	MIG	R 4 000 000
Erection of Sanitation facilities (Cluster 1)	Sanitation facilities erected	02,03,04,05,15 .16.17	CHDM	MIG	R11 000 000
Erection of Sanitation facilities (Cluster 2)	Sanitation facilities erected	07,08,09,10,11 ,12,13,&14	CHDM	MIG	R 9 000 000

#### **INFRASTRUCTURE DEVELOPMENT AND HUMAN SETTLEMENT ROAD AND MAINTENANCE**

##### **Sanitation and Sewerage**

Project Description	Project Outputs	Ward	Dept	GFS	Planned Financial Expenditure 2012/13
R&M Tools and Equipment	Repairs and Maintenance		Tech	OPEX	R 394
Infrastructure _ Sanitation Reticulation	Repairs and maintenance		Tech	OPEX	0
Infrastructure _ Water Reticulation			Tech	OPEX	R 3 422

Emalahleni Local Municipality is a designated Water Services Authority. ELM is also the main Water Service Provider (WSP) within its area of jurisdiction, undertaking all retail functions throughout ELM and the bulk functions for wastewater.

Access to waterborne sanitation, with either off or on-site disposal, is limited to the formal and certain larger peri-urban settlements within the Urban Edge of ELM. The condition of the sewerage infrastructure throughout ELM is generally one of inadequate capacity, old and poorly maintained infrastructure, resulting in periodic spillages into the river systems.

The lack of an adequate/appropriate treatment facility for the three urban centres, is said to be a factor limiting the development of the business within the municipality. Apart from the above treatment constraints, various infrastructure constraints have been identified in the recent master planning. The following have been identified as having significant impacts on the capacity and functioning of the infrastructure:

- High levels of water wastage;
- Vandalism, theft and abuse of infrastructure (including alternative materials used for sanitary purposes);
- Storm water and root ingress;

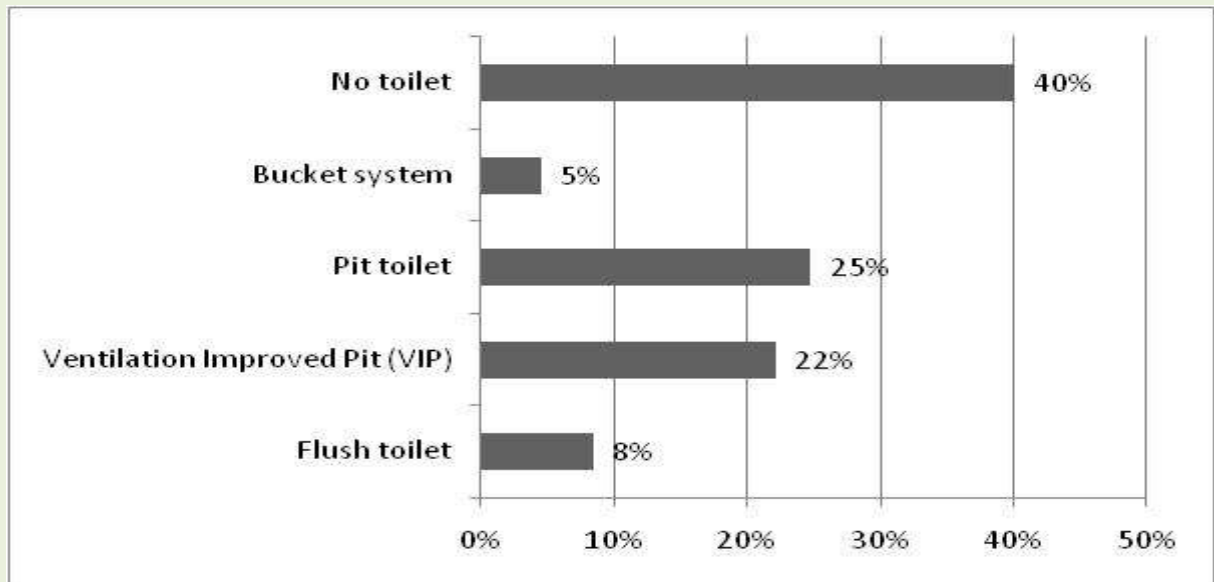
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During the 2010/2011 period a study in respect of the potential upgrade of the Dordrecht Sewer Ponds was conducted as well as a study to reduce the backlog in VIP toilets.

During 2012/2013 it is noted that the progress in respect of the Dordrecht Sewer Ponds (for upgrading) has not occurred and the required funding is needed. With the study and EIA complete, final approval from the DEA is awaited.

VIP toilets are filling up and emptying is becoming a challenge due to the large number and lack of funding available for this purpose.





### **Challenges in Sanitation Services and Remedial Action**

- The Dordrecht Sewer Ponds are required to be upgraded and this will require appropriate funding. A study to this effect has almost been completed, in order to facilitate motivations in this regard.
- VIP toilets are required to be supplied in an effort to reduce the backlog. The study to determine this is almost complete and will be used to facilitate this process.

## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

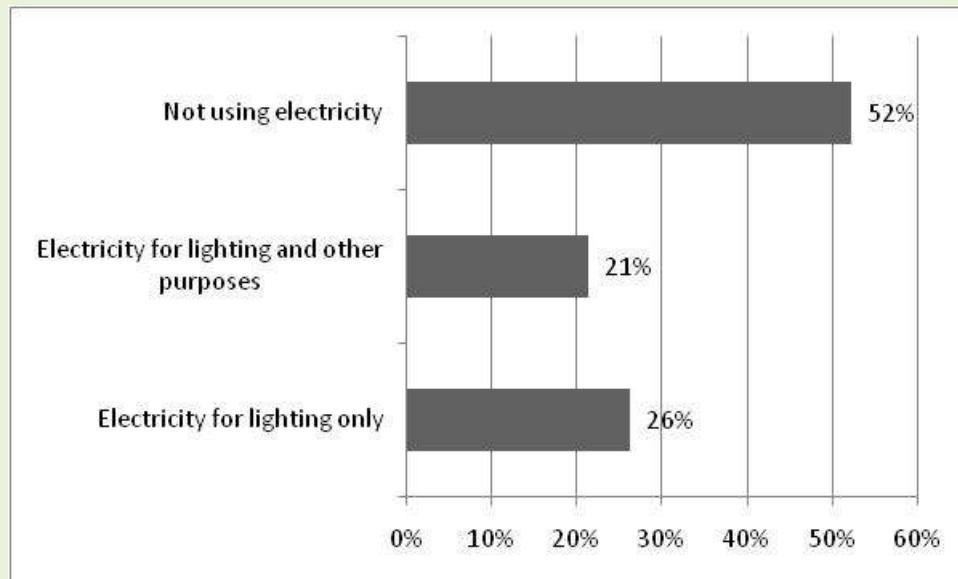
#### *ELECTRICITY AND ENERGY SUPPLY SOURCES*

Eskom is responsible for providing electricity services in the Emalahleni jurisdictional areas especially to the business communities. The municipality's role is currently to facilitate the implementation and communicate with Eskom regarding areas of priority for connections while also assisting with household provision via brokerage for prepaid system.

Electricity service is currently provided to portions of 8 wards only. Eskom has planning in place to develop their network ultimately to all areas of Emalahleni. The following problems are constraining the development of the network:

- The high capital costs and operating costs and therefore affordability of connections to individual households and business premises. There are a large number of existing connections to dwellings which are not operating due to inability to pay monthly charges, or to top-up pre-paid meters.
- Theft of copper cables and vandalism of Eskom installations. Eskom has a public information programme in place to educate and thereby reduce / eliminate this practice.

Alignment of Eskom planning with Emalahleni Municipality for both the expansion and the positioning of new systems is essential and will require close co-ordination between both parties. The major critical challenge facing the electrification programme is the sudden reduction of the electrification budget by the Department of Minerals and Energy (DME). Emalahleni municipality is busy in negotiations with DME in an attempt to find a speedy solution. The figure below shows household access to connections.



#### Energy or fuel for cooking by Type of dwelling

	House or brick/concrete block structure on a separate stand or yard or on a farm	Traditional dwelling/hut /structure made of traditional materials	Flat or apartment in a block of flats	Cluster house in complex	Townhouse (semi-detached house in a complex)	Semi-detached house	House/flat/room in backyard	Informal dwelling	Caravan/tenant/Other
Electricity	10494	6947	833	150	56	83	543	65	74

Gas	602	331	36	2	12	2	14	9	5
Paraffin	2112	2503	185	10	2	23	85	41	12
Wood	1848	3433	255	13	-	6	116	35	10
Coal	37	33	3	-	-	-	-	3	-
Animal dung	134	364	-	-	-	1	3	1	1
Solar	15	9	-	1	-	-	-	1	-
Other	-	10	58	3	3	-	-	-	-
None	31	19	5	3	-	-	-	1	-

### Energy or fuel for lighting by Type of dwelling

Backlog for businesses is unknown as they have a direct link to Eskom for their installations.

	House or brick/concrete block structure on a separate stand or yard or on a farm	Traditional dwelling/hut/structure made of traditional materials	Flat or apartment in a block of flats	Cluster house in complex	Townhouse (semi-detached house in a complex)	Semi-detached house	House/flat/room in backyard	Informal dwelling	Room/flatlet on a property or larger dwelling/servants quarters/granny flat	Caravan/tent/Other
Electricity	12789	9883	999	166	68	105	645	84	44	89
Gas	24	47	4	1	-	-	5	-	1	-
Paraffin	1347	1794	164	1	2	4	24	21	1	5
Candles (not a valid option)	1069	1867	150	13	2	8	82	16	6	9
Solar	28	17	-	-	-	-	3	47	-	-
None	17	38	6	-	-	-	-	1	-	-

However, anecdotal observations indicate that business connection backlogs are relatively low.

## 2.1 ELECTRICITY BACKLOGS - EMALAHLENI EXTENSION

Estimated Financial Year	Project name	Est. Total no. of Connections	Est. no. of connections in 2009/2010	Est. no. of connections in 2010/2011	Est. no. of connections in 2011/2012	Est. no. of connections in 2012/2013	Est. no. of connections in 2013/2014	Est. balance of connections
2009/2010/2011/2012/2013	Lady Frere 8A-1	3,027	1,000	1,152	600	342	250	714
2009/2010/2011/2012/2013	Lady Frere 8B-1	3,267	918	1,044	0	450	1,000	305
2014/2015/2016	Emalahleni Extensions	1,337	0	0	0	0	200	1,137
	Total backlog	8,344	1,918	4,114	600	792	1,450	2,156

**Electricity Supply (Turn-Key Projects)**

Project Description	Project Outputs	Ward	Dept	GFS	Financial Plan 2012/13
Electrification of 1052 Units	1052 Units Electrified	1	Technical	INEP	R10 000 000

**Electricity Trading**

Project Description	Project Outputs	Ward	Dept	GFS	Financial Plan 2013/14
Bulk purchases: electricity	Bulk purchases of electricity		Tech	OPEX	13 271
Electricity Transmission and reticulation	Repairs and maintenance Expenditure		Tech	OPEX	110

Electricity_ Street Lighting	Repairs and maintenance		Tech	OPEX	590
FBS 50 KW	FBS 50 KW		Tech	OPEX	

### Electricity Services Delivery Strategy and Main Role-Players

Emalahleni Local Municipality is the main electricity provider within the Dordrecht and Indwe areas. This represents the licensed area where this municipality is required to provide an electricity service.

Success has been experienced in respect of the Turnkey Project which is currently 95% complete (relating to Phase 9 of the Rural Cacadu Extension). This specific project was undertaken in order to provide electricity and electrical services to the consumers within the Eskom area. Required funding for the creation of related infrastructure was made available from the Department of Minerals and Energy and it was required that Eskom would connect the required electricity. In order to move towards project implementation, Emalahleni Local Municipality was required to appoint a suitable service provider and a contractor to complete this job.

### Level and Standards in Electricity Services

While it is acknowledged that electrification in the urban areas meets required standards, this is not the case in the rural areas. In attempting to meet the required level and standards of Electricity Services an integrated approach is being utilized by both Eskom and internal projects with regard to the electrification of villages. The Turnkey Project continues to assist in ensuring that the Eskom delays are resolved timeously and that progress towards meeting annual objectives are met.

### Annual Performance as per Key Performance Indicators in Electricity Services

The manner in which service delivery is provided within Emalahleni Municipality will be reflected in terms of the functions below:

#### a. Electricity and Street Lighting

Electricity provision within Emalahleni Municipality is required to be provided to the towns of Indwe and Dordrecht. Eskom supplies electricity to Lady Frere and the surrounding villages and in this context the department's role is to supply, implement and monitor (as per the Turnkey Project).

The 2013 / 2014 periods have seen progress although challenges within this section relate primarily to the fact that the infrastructure is old, finances are limited and severe winds cause damage to power lines and cause power outages.

Backlogs remain a challenge and so too efforts to produce/provide electricity at the required level and standard for urban and rural areas.

Currently the formal strategy has not been approved and is required to be fine-tuned, although the reporting has been done. The inability to measure these losses accurately has been raised previously within the Auditor General's Report. In an attempt to address this shortfall, 170 workers have been appointed to work within the communities in order to establish the level of backlogs in all essential service areas in order to obtain accurate baseline data.

Overall it is fair to say that efforts have been made to "fast track" all rural electrification programmes. During 2013/2014, streetlights were installed in Indwe and reporting on maintenance of streetlights continues into 2013 / 2014 and beyond.

Streetlights maintenance occurs ongoing between Dordrecht and Indwe. Progress reports are provided to Standing Committees and EXCO on progress. This includes reporting on the implementation of the extension connection project and the Electrification of Kavari Extension (Ward 5).

Free basic electricity is being provided to all indigents through a blanket approach. This was required as the Indigent Register is incomplete and many indigents have not been registered for services. Additionally it is noted that no progress reporting is conducted and no expenditure reporting has been validated.

The measurement and performance achieved in terms of these indicators is reflected in the table that follows:

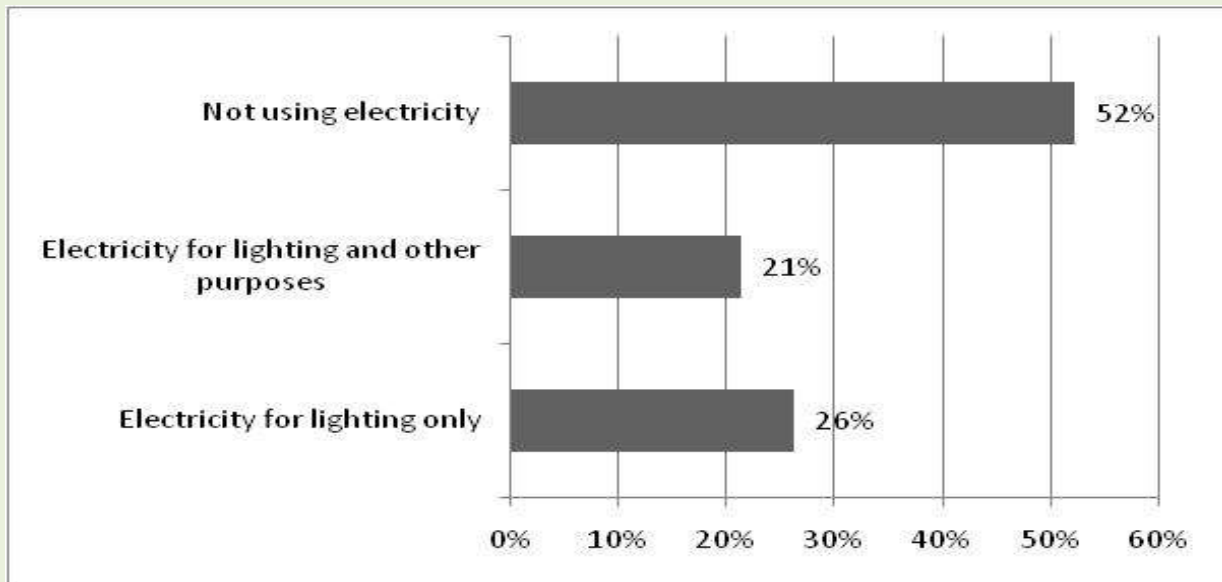
**For 2013/2014 the following statistics are provided in respect of Electricity service provision:**

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percent age of househ olds with access to electricit y services	33 788 95% (Urban and Rural)	0 (Urban) Est. 8344 (Rural)	1050	1050	100%
2 Percent age of indigent househ olds with access to free basic electricit y	23989 71% (Rural)	15639	8000	8350	100%
4 Percent age of indigent househ olds with access to free alternati ve energy	N/A	N/A	N/A	N/A	N/A

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sources					
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### **Major Challenges in Electricity Services and Remedial Action**

Eskom is currently responsible for providing electrical services to the Emalahleni municipal region (especially the business communities). Eskom is planning to expand its service to all areas of Emalahleni but this in turn poses a number of challenges as follows:

- Application of electricity distribution license
- Electricity losses are experienced at around 45%;
- Due to the extremely high operating and capital costs, the affordability of connections to individual households and businesses is severely compromised. Currently the inability of residents to pay for connections and electricity has resulted in many connections being “cut off” / or not operating (as with pre-paid meters) due to the inability to meet monthly payments/commitments;
- Copper cables continue to be stolen and Eskom installations are being vandalized. This has proven to be very tedious and expensive and clearly affects the electricity availability (uptime);
- A shortfall of funding has been experienced due to the reduction of the electrification budget by the Department of Minerals and Energy (DME). Emalahleni Local Municipality is working really hard to resolve this financial shortfall, which has ramifications for both operational and capital issues. Projects will be required to be re-worked in order to ensure that they are aligned to Eskom.
- Efforts to expand and to upgrade the mainline will require greater coordination between both parties to ensure that this is achieved successfully.

- Efforts to utilize alternative sources of energy are still underway. While solar systems have not yet gained popularity, paraffin is largely used by over 38% of households in both rural and urban areas.

### 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### INTERVENTIONS

In line with the National Environmental Management Act, Emalahleni Local Municipality has developed and approved an Integrated Waste management Plan in 2011, with the aim of addressing and having a strategic focus in dealing with waste management. The status of solid waste systems for the Emalahleni Local Municipality is summarized for the main towns as follows:

**Lady Frere:** The Municipality has an old dumping site currently in use which is licensed for closure and newly licensed one currently being constructed and licensed. There is a schedule for refuse removal on a daily basis in all urban households.

**Dordrecht:** There is a solid waste collection system in the town and the landfill site will be converted to a transfer station.

**Indwe:** The town has a solid waste collection system and the landfill site is being converted to a transfer station which will be constructed in 2014/2015 Financial Year. Informal Recycling is currently operated in Dordrecht.

#### PERFORMANCE REPORTING AND CHALLENGES

##### Waste Management

- Emalahleni Local Municipality operates with an Integrated Waste Management Plan which was developed in 2011 due for review.
- It is noted that the Waste Management functioning effectively. The Refuse Removal Program has been well applied and refuse has been regularly (weekly) removed from residential areas, while it is removed within the CBD area twice per week (as per schedule);
- Clearing of illegal dumping sites in open spaces was conducted. An environmental impact assessment study was conducted by the Department of Environmental Affairs to

establish the status and location of the current sites within the municipal area. This study illustrated that none of the 3 landfill had licenses and efforts are underway to attempt to legalize these;

- Provision has been made for the development of a licensed Regional Landfill Site in
- Lady Frere and Dordrecht and in Indwe dumping sites are being converted into transfer stations/collection sites. To this end feasibility and other studies have been conducted and licensing is awaiting approval by the Department of Environmental Affairs, pending submission of the design;
- Challenges exist in respect of human and capital resources. In particular, waste removal in rural areas is a particular challenge as these areas are not metered and “residents” are therefore not billed for these services; and
- Recycling activities by community members in Dordrecht, Lady Frere and Indwe are well supported and have become a part of the municipalities waste management initiatives.

#### WASTE MANAGEMENT: SOLID WASTE SECTION

Within this section, great success has been achieved within the following areas:

- Refuse was regularly removed from commercial business (daily);
- Household refuse was removed by the Municipality everyday as per target and schedules and success was achieved;
- Clearing of illegal dumping in open spaces was conducted.
- The dumping site in Lady Frere and Indwe were fenced and the one Dordrecht still needs fencing.
- The site for the landfill site in Lady Frere has been identified.
- The collection of Waste has been a success also due to assistance by Chris Hani District Municipality (Environmental Section), which has funded the department for waste management.

An environmental impact assessment study was conducted by the Department of Environmental Affairs to establish the status and location of the current dumping sites within the municipal area. The outcome showed that none of the 3 sites were licensed. Provision in the Annual Financial Statements now exists to rehabilitate 3 dumping sites and funding from the District Municipality is available to compile business plans for waste management in the municipal area. The 3-landfill sites in the Municipality are all not licensed. The municipality has now taken a route of converting the two sites, in Dordrecht and Indwe into collection points, and has established a legal landfill site in Lady Frere. This process has already begun. Construction of sites will commence in 2014/2015 financial year.

## WASTE MANAGEMENT

As within the previous period it is noted that Emalahleni Municipality is in possession of the Waste Management Plan which was developed.

During 2013/2014 it was noted that the solid waste section was functioning effectively:

- Refuse Removal was regularly removed from residential areas (weekly) and from the CBD area daily;
- Illegal dumping cases were cleared;
- An Environment Impact study was conducted by the Department of Environmental Affairs to establish the status and location of current sites (establishing that none of the 3 sites were licensed). Efforts to rehabilitate these 3 dumping sites have been planned. This project has centered on establishing the landfill sites and the transfer station.

During 2013/2014, two sites (Dordrecht and Indwe) were required to be converted into collection points and a legal landfill site was established in Lady Frere (after appointment of a service provider). The application for the licensing has been submitted and currently awaits approval. Funding constraints have led to MIG projects being planned for 2013/2014 in respect of landfill sites and transfer stations and currently under implementation.

Ongoing challenges for refuse removal relate to staff shortages and CHDM has provided assistance with the provision of casual employees. Notwithstanding these challenges, the refuse collection function has been well achieved.

### 2013/2014: Waste Management Performance Figures

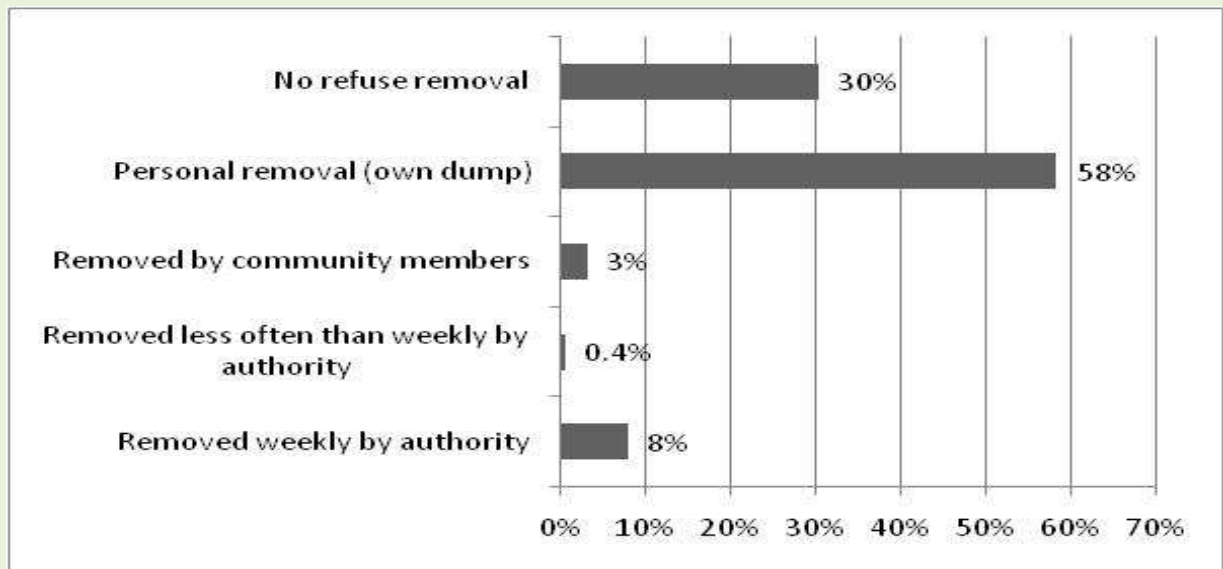
Indicator Name	Total No of Households /customers expected to benefit	Estimated backlogs (actual Numbers)	Target set for the Financial Year under Review	Number of Customers /Households reached during the Financial Year	% Achieved during 2013/2014
31 681	7992	<u>1292</u>	<u>7992</u>	<u>6700</u>	

### 2013/2014: Waste Management Performance Figures

Indicator Name	Total No of Households /customers	Estimated backlogs (actual	Target set for the Financial	Number of Customers /Households	% Achieved during
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	expected to benefit	Numbers)	Year under Review	reached during the Financial Year	2013/2014
31 681	7992	1292	7992	6700	

The figure below shows the state of household access to refuse removal services in the Emalahleni areas.



Projects and service delivery is reflected on as follows:

- Daily waste removal occurs regularly in the CBD;
- Weekly waste management removal occurs in residential areas and quarterly reporting is concluded.
- Progress in respect of the establishment of landfill sites and a transfer station have not been fully achieved. Regular reporting does take place to the Standing Committees and EXCO as and when the service provider submits reports.
- Construction of the sites will resume in 2014/2015 financial year.

## MAJOR CHALLENGES IN WASTE MANAGEMENT SERVICES AND REMEDIAL ACTION

A number of challenges in waste management are currently experienced and are summarized as follows:

- Shortages in staffing/personnel are experienced and this impedes service delivery.
- The Integrated Waste Management Plan require review.

### CHALLENGES

The following issues are challenges which impede waste management services in and around the municipality:

- Community mind-set and behaviours, which lead to issues such as illegal dumping
- Insufficient fleet
- Inadequate budget

In addition, the policy framework has experienced some challenges, including:

- Challenges in aligning the Waste Management Plan with NEMWA (National Environmental Management Waste Act) and the IDP.
- The Polokwane declaration: zero waste to landfill site by 2020 – reaching this target may be a huge challenge (almost impossible to meet) for Emalahleni Local Municipality.
- Waste Management By-laws.

### REMEDIAL ACTION

In order to address the above challenges, Emalahleni Local Municipality:

- Is in the process of addressing staffing / personnel shortages in key positions of waste management as a whole;
- Will engage the Integrated Environmental Management Planning (IEMP) Unit to assist with the Environmental Impact Assessment (EIA);
- Procure refuse compactor trucks, in order to ensure that all arrears and regions are serviced adequately;
- During the 2013/2014 FY, ELM will conduct clean-up campaigns and other awareness campaigns with the aim to educate residents on ways of looking after their environment and surroundings
- In line with NEMWA, ELM is in the process of reviewing its by-laws, including waste management by-laws that will be enforced by Environmental Municipal Officers.

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:
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The Municipality is currently subscribing to the National Waste Management Strategy as presented above and has relatively met the targets.

*T 3.4.10*

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

All Housing project information is obtained from the National and Provincial Department of Human Settlements and is used to report on.

Emalahleni is not an accredited Housing Provider but merely facilitates the process of housing provision (through the provision of administrative support).

Emalahleni Local Municipality has within its structure a Housing Unit Management whose main function is to assist in the;

- Coordination of Housing Delivery (private developers and other parties);
- Provision of support in managing housing provision;
- Promoting the sourcing of land for land reform programmes,
- Monitoring the development of slum conditions in existing settlements;
- Assessment of housing needs;
- Building Control Management by ensuring compliance with the National Building Regulations as well as the Housing Consumer Protection Measures Act;
- Housing quality control (House construction for private and public building developments); and
- Management of the demolitions and the building permit system throughout Emalahleni.

## HOUSING

Many projects were required to rectify badly built houses. These include:

- Dordrecht Phase 1 and 2

- The township register has been opened.
- There are 396 beneficiaries registered in Indwe 500.
- In Lady Frere, 258 are to be completed and transferred.
- Zoning and mapping has been completed.
- Phase 3 is in progress
- Indwe 513, 21 transfers are outstanding.
- 16 Deeds of Sales processed
- 5 beneficiaries are missing

- Sinako Zwelethemba 289

A feasibility study has commenced, administration is complete and beneficiaries have been screened.

- Mavuya 462

- 280 beneficiaries have been approved
- Project reduced to 289 units due to lack of beneficiaries
- Council approval waited to proceed. Project reduced to 280 units due to lack of beneficiaries.
- 280 beneficiaries.

- Lady Frere 700

- Village scoping report was prepared
- Water and sewerage reticulation.
- 258 transfers were completed

- Lady Frere 564

- 461 units constructed of which 114 at various stages of completion.

- Zwartwater 1000

Progress is occurring although to date the contractor has not been procured.

- Dordrecht Phase 1 and 2



- Rectification has not yet started;
- Verification of beneficiaries is underway
- Land transfer is underway
- Progress reporting is required.

### **Building Control**

This unit remains responsible for the development of the local built environment, through the following activities:

- Public education, promoting compliance with National Building Regulations and Agreement Certificates (Rural Areas), as well as effecting compliance with the Housing Consumer Protection Measures Act (All houses are built by NHBRC registered Contractors;
- Development of Appropriate Building Technology suitable for areas where the national Building Regulations are not applicable;
- Quality control of House construction in Housing Projects;
- Municipal assets maintenance including municipal buildings, dipping tanks, disaster houses etc.;
- Quality Control of all other private and public building developments;
- Manages demolishing and building permit system throughout Emalahleni;

## **HOUSING AND TOWN PLANNING SERVICES DELIVERY STRATEGY AND MAIN ROLE PLAYERS**

This Housing Sector Plan has been reviewed and revised in accordance with the prescripts of the Blue Book for Municipal Housing Planning and the related National Treasury Planning dispensation.

The methodology used to review the HSP consisted of the review of the current IDP, HSP, SDF and other relevant chapters of the IDP and sectoral plans. In addition to this, a desktop analysis was undertaken to better understand the demand for housing.

## **LEGISLATIVE AND POLICY BACKGROUND TO HOUSING CHAPTER**

The Integrated Human Settlement Strategy is the primary policy focus to influence the approach to the development of municipal housing strategies. It emphasises a movement away from the concept of housing as mere shelter to housing as part of an overall strategy to achieve human settlements that provide good quality homes with proper access to the necessary socio-economic opportunities for their residents. It also highlights the importance

of social, economic and racial integration in the settlements, linked to the objectives of densification and integrated mixed land use in South African urban areas.

It is given more detailed focus and forms of delivery through a range of housing and planning legislation, policy and mechanisms. The most important housing legislation and policies include the Housing Act, the Social Housing Act 2009, the Rental Housing Act and the National Housing Code. From a planning perspective the following legislation and policy initiatives are important: the Municipal Systems Act 2000, Municipal Structures Act 1998; the Municipal Finance Management Act, the Provincial Financial Management Act, the National Spatial Development Perspective, the government's Urban and Rural Strategies, the Development Facilitation Act, the land reform and land restitution legislation and the Land Use Management Bill.

While these all provide the details that populate the framework for the planning and delivery of housing it is important that the municipality uses the Integrated Human Settlement approach in planning its response to housing need and demand. In doing this, it must work in close alignment with the province on joint planning as well as the allocation of the financial resources. The municipality can also structure co-operative action and even partnerships with other key stakeholders that can positively assist it in developing its housing plan and supporting the delivery.

The detailed delivery is given further focus over the period 2011 – 2014 by the Outcome8 objectives, targets and strategy for the province that come from the delivery intent of the Minister of Human Settlement.

## STRATEGIC FRAMEWORK REVIEW

A large proportion of people in the district live in rural communal areas in traditional housing. However the major housing planning emphasis is on the urban areas. This therefore indicates that there is urban bias in housing prioritisation in the municipal area. There is furthermore little information in the main report that defines the need and demand in neither the rural areas nor the context of delivering housing in these areas where tenure is unclear. The apparent lack of housing delivery in the rural areas results in increased pressure on the urban housing demand.

The report is unclear on any linkage with the government's land reform programme. If the housing programme is to reach a large proportion of the population in the municipality, and probably those households with the lowest incomes, it is important that there is a specific rural analysis and rural housing strategy.

It is therefore suggested that a housing waiting list system (specifically targeted in rural areas) need to be set up whereby a database of potential beneficiaries and residents of informal settlements is established and kept up to date. These databases are important

management tools for managing housing development and the eradication of backlogs. This necessitates an in-depth analysis of the exact housing demand in these areas.

The Emalahleni Municipality has not been granted developer status with respect to the delivery of housing in its area of jurisdiction. It relies on the Province to carry out a significant part of the responsibilities related to housing development. The Municipality does not have a Housing Department and The Directorate for Land and Housing is responsible for managing Housing within Emalahleni Municipality. It is important that there is clarity on the respective roles and responsibilities between the province and the municipality. This will require a clear joint plan of action involving the local municipality, district municipality and province that is regulated through an MOU. To the extent that it is considered important for the municipality to play a role in parts of the housing process, it is critical that a plan is put in place to build the necessary capacity in the municipality and to enlist the assistance of the District Municipality to assist the Municipality effectively to undertake these responsibilities.

Given the very limited capacity in the municipality for planning and implementing housing it is crucial that the municipality engages in partnerships with other relevant agents who can assist it in its planning and delivery. Priority should focus on strengthening the relationship between the internal sections within the municipality and with the provincial DoHS, the regional Department of Rural development & Land Reform as well as agencies and NGOs working in the rural parts of the municipality. Another issue that hampers the development process is the current ownership pattern. At present, ownership of land in the urban areas and former RSA areas is held by freehold Title Deeds but in the rural areas the most common form of tenure is the communal land tenure system.

The Emalahleni municipality has no clear housing vision or set objectives with regards to housing delivery. In order to harness all stakeholders towards a common goal, it is imperative that the vision and objectives are clearly defined. Development strategies provide the most practical way of providing solutions to the identified problems. Such strategies are a link between problems and the desired housing development objectives. Housing development strategies are preceded by guiding principles enshrined in the housing policy and legislation. They are also preceded by a housing vision and objectives. It is therefore suggested that an action plan be drafted that clearly defines the vision and objectives of the municipalities.

The Municipality with the involvement of the province plans housing projects. All layouts are submitted to sector Departments for comment regarding the adequate provision for social, community and educational facilities. It has not been possible to determine how the Sector Departments integrate their plans with housing delivery. The issue of cross-sectoral alignment needs to be addressed. It is therefore critical that the sector departments and housing sector plans should be aligned with the IDP for the municipal area.

The present planning is badly inhibited by the lack of a properly developed and maintained database on the demand and the linkage to projects that are planned and or implemented to

tackle this. Often the information is sparse, or it is held in different formats in different locations both within the municipality and outside of it. A more integrated system is required.

Arising from the above, a number of projects are proposed. These will be discussed in the subsequent section.

## REVIEW OF HOUSING VISION

The overall vision of Emalahleni Municipality states as follows: “A municipality that delivers sustainable and affordable services towards socio-economic growth and development”

### Strategic housing goals

The vision of this HSP is to create integrated and sustainable communities. To make this vision a reality, the Municipality has to support the notion of productivity, inclusivity, good governance and sustainability. Given the demand profile, the provision of a suitable Rural Housing programme is core to this plan.

The strategic priorities are:

- 1) To determine expressed demand and to declare such demand
  - (1) To undertake housing consumer education / awareness and the housing voice
  - (2) To implement the housing needs register and to ensure on-going management thereof
  - (3) To engage the social welfare department and Special Programs Unit in order to cater for the child headed households and orphans.
- 2) Scale up of the delivery of subsidised housing to meet the demand
  - (1) Strategic planning for housing delivery
    - (a) Conduct an annual environment analysis in order to review and revise annual housing sector plan
    - (b) To develop localised policies to create a more enabling environment and to manage the mushrooming of inadequate housing
    - (c) Regular maintenance and updating of the existing Housing Demand Register
  - (2) Project pipeline
    - (a) To integrate the existing information on delivered, planned, in implementation and blocked projects into a single project pipeline database with system for regular updating.

- (b) To plan projects that are aligned with the provincial housing sustainability criteria
  - (c) To submit new projects to the Province for funding approval and technical support
- (3) Land and land packaging
  - (a) To undertake a land identification and land packaging programme
  - (b) To understand the land reform programme and to create a linkage with such a programme
  - (c) To undertake feasibility studies on the identified state land on offer from the Department of Public Works, to prepare a business plan for each parcel of land required in order to affect the transfer of such land.
- (4) Infrastructure
  - (a) To engage with the infrastructure officials and plans to seek prioritisation and
  - (b) alignment with housing programme
- (5) Integrated Sustainable Rural Housing Delivery Programme
  - (a) Define a specific ISRHDP strategy that contains an analysis of the rural demand (including farm worker housing demand) and status quo and links it to a strategy that defines the needs and demands in terms of basic infrastructure, top structure and tenure and further links these to the mechanisms available to tackle the priority needs.
- (6) Project development and management
  - (a) To package projects in terms of top structure, undertake procurement of contractors and to initiate project construction
  - (b) To undertake project management of all current running projects in order to ensure good quality and timely completion
  - (c) Continue to roll out existing projects and ensure that financing and systems are in place to initiate new priority projects including those within the ISRHDP strategy.
  - (d) To have a dedicated programme to close out blocked projects.
  - (e) To programme the rectification needs of the current projects

3) To build a suitably structured housing unit in order to meet the housing mandate

(1) To undertake a capacity assessment with the view of preparing a business plan to source funding from the Department's Capacitation Grant for improving staff and skills capacity within the Municipality. To also ensure that those officials within the Municipality that have received training through the Department's Capacity Building programme are committed to / engaged in the municipality's housing section.

(2) To develop the internal organisation to meet the municipal housing mandate and level 1 accreditation. The proposed structure has to include a housing manager to undertake strategic planning and performance management and a technical resource to ensure the projects are managed and administrative staff to undertake beneficiary administration.

(3) To develop operational systems, i.e. policies, procedures and documents and forms

(4) Procurement of required office infrastructure and resources to fulfill housing mandate, this must include the installation and implementation of the project tracking tool.

b) To formalise the required institutional structures to support the Municipality in meeting its housing delivery targets

c) Strengthen internal and external partnerships required by the municipality to plan, facilitate, and where relevant implement, the necessary housing development to meet the demand in the area.

## INTEGRATION

Cross-sector alignment issues.

Very little cross sectoral integration within IDP and other sector plans. There is a need focus on integration in future review of all sector plan within the Municipality.

Housing planning and delivery risk management matters

RISK	RISK MITIGATION
Poor information and analyse on need and demand for proper planning	Undertake Housing Demand Survey / Housing Voice Ensure project pipeline is applied identify aspects of existing and planned projects that need to be

	covered
Poor capacity within the municipality	Ensure clear allocation of responsibilities Identify areas requiring capacity Identify strategic partners Review organogram and skills plan based on in-house responsibilities
Lack of properly structured co-operation between the municipality and the province	Submit formal requests for partnering / training / mentoring Establish SLA for on-going support
Difficulty of resolving the secure tenure issues in the communal areas.	Follow provisions of IPILRA Establish partnership between DRDLR
Lack of proper control and management of the 12 started projects	Obtain PRT information Integrate with Project Pipeline Ensure PRT/DHS officials communicate with LM

## GAP ANALYSIS

### GAPS REQUIRED FILLING

The following Table outlines the key gaps that require filling to substantially strengthen the possibility of an implementable strategy for this housing chapter

GAPS TO ADDRESS	MODE
Establishment of the real nature of need and demand including better analysis of the interaction and separation of tenure security, basic infrastructure and top structure.	Research on the baseline documents including Provincial MTEF, land reform stats and basic infrastructure information + discussion with municipalities on summarised information
Development of rural housing strategy that does not just use global guesstimates.	Using the information from above and then linking this to specific priority geographical areas that can have more intensive information gathering. Closer planning linkage with ECDoHS and Dept of Land Affairs to develop

	responses.
Proper listing of completed, existing and future projects with necessary baseline and tracking information	Use of supplied template to co-ordinate information from different sources and then updating and completing this in contact with key local and provincial stakeholders. Possibly a provincial project.
Analysis of proposed infrastructure expenditure including water, sanitation, roads and storm water drainage and linkage of this to housing priority areas.	Source from provincial government documents and use local municipality to link with existing priority areas of housing need. Important to link this back to the housing project pipeline to identify where there are direct linkages.
Financing available for housing and infrastructure in the area. Analysis of the existing financing allocated to the area for infrastructure, land reform and housing and the linkage to established priorities	From the provincial MTEF and land reform MTEF + linkage back to defined housing priorities in the area.

Housing demand in the context of the IDP and District, Provincial and national priorities

#### OUTCOME AIM HOUSING DEMAND TARGETS

INSTRUMENTS	OUTCOME 8 TARGETS			OTHER
	RURAL	SOCIAL AND RENTAL	INFORMAL SETTLEMENT STRUCTURES	CHILD HEADED HOUSEHOLDS
	20 711	735	160 (0 – dot count)	249
RURAL HOUSING				
SOCIAL AND RENTAL				
INCREMENTAL				
FINANCIAL				

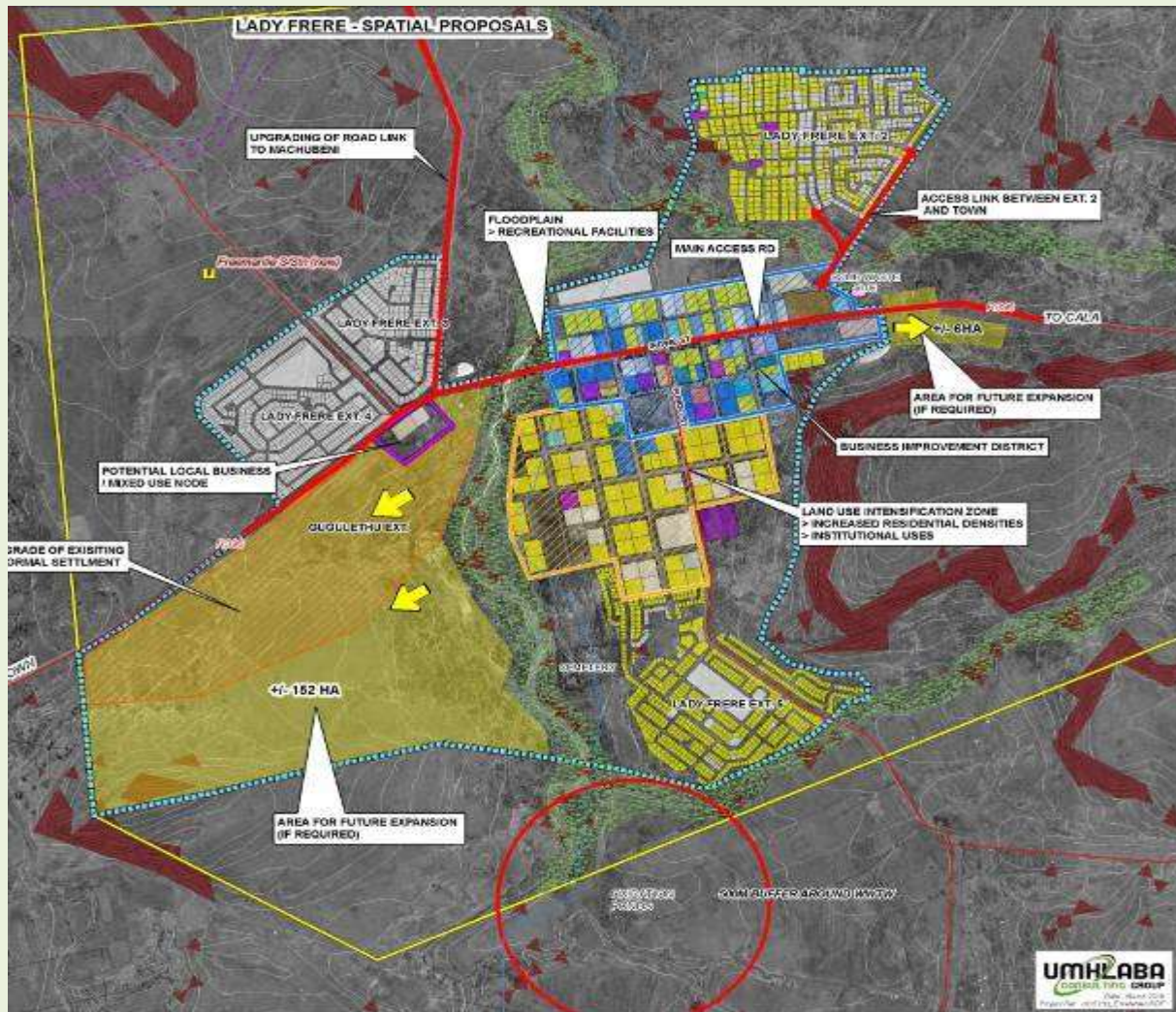


### **Land Requirements for Future Development**

The total areas required for future development will be approximately 255 hectares over the three main urban nodes. It is not clear whether or not the potential increase in housing demand as a result of mining operations taking place in Emalahleni but it is assumed that the mine will increase the need for housing development and other facilities in the area. The Elitheni mine is 14kms out of Indwe and it is expected that the bulk would prefer to settle there.

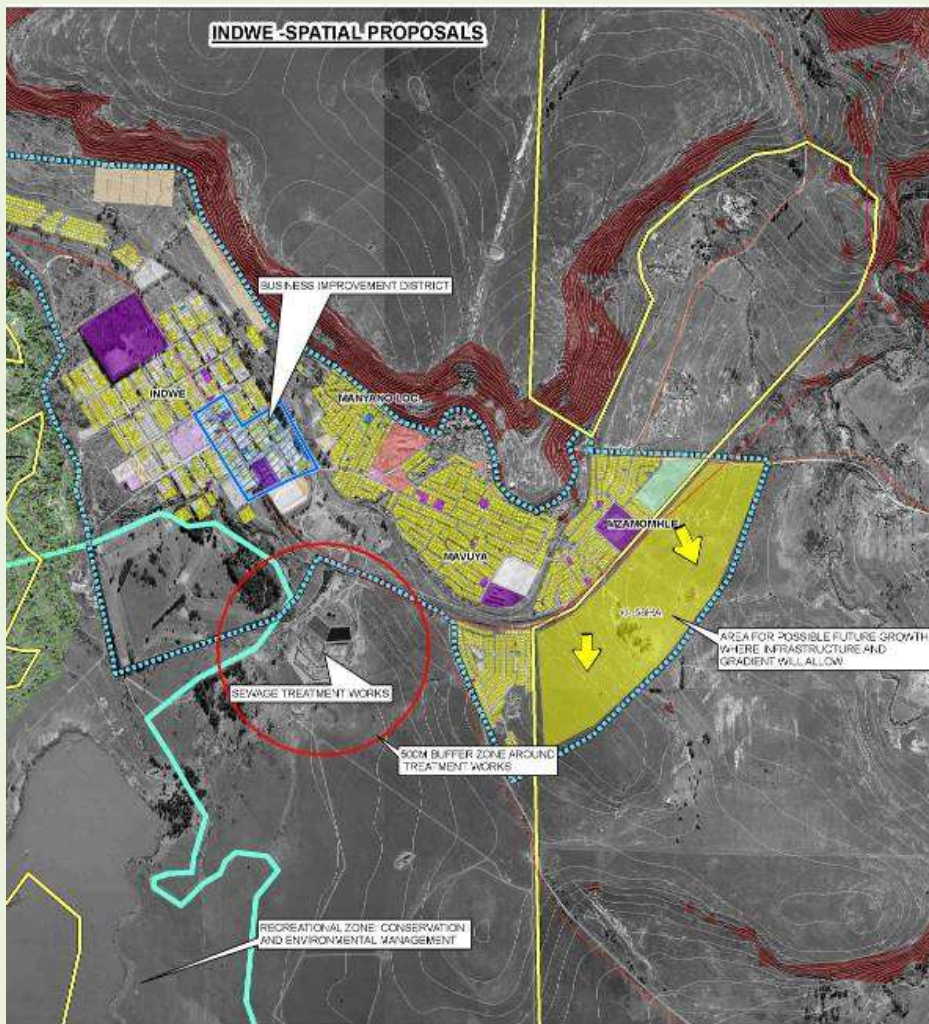
### **Land Requirements and Availability in Lady Frere**

The Emalahleni SDF 2010 and reviewed in 2013 identifies approximately 152Ha of land to the south of the R396 to Queenstown to accommodate the extension to Cacadu Extension upgrading of existing informal settlement and future residential expansion as shown on Figure 10 below. The area has since been full with residential properties and is being formalised through a township establishment exercise.



### Land Requirements and Availability in Indwe

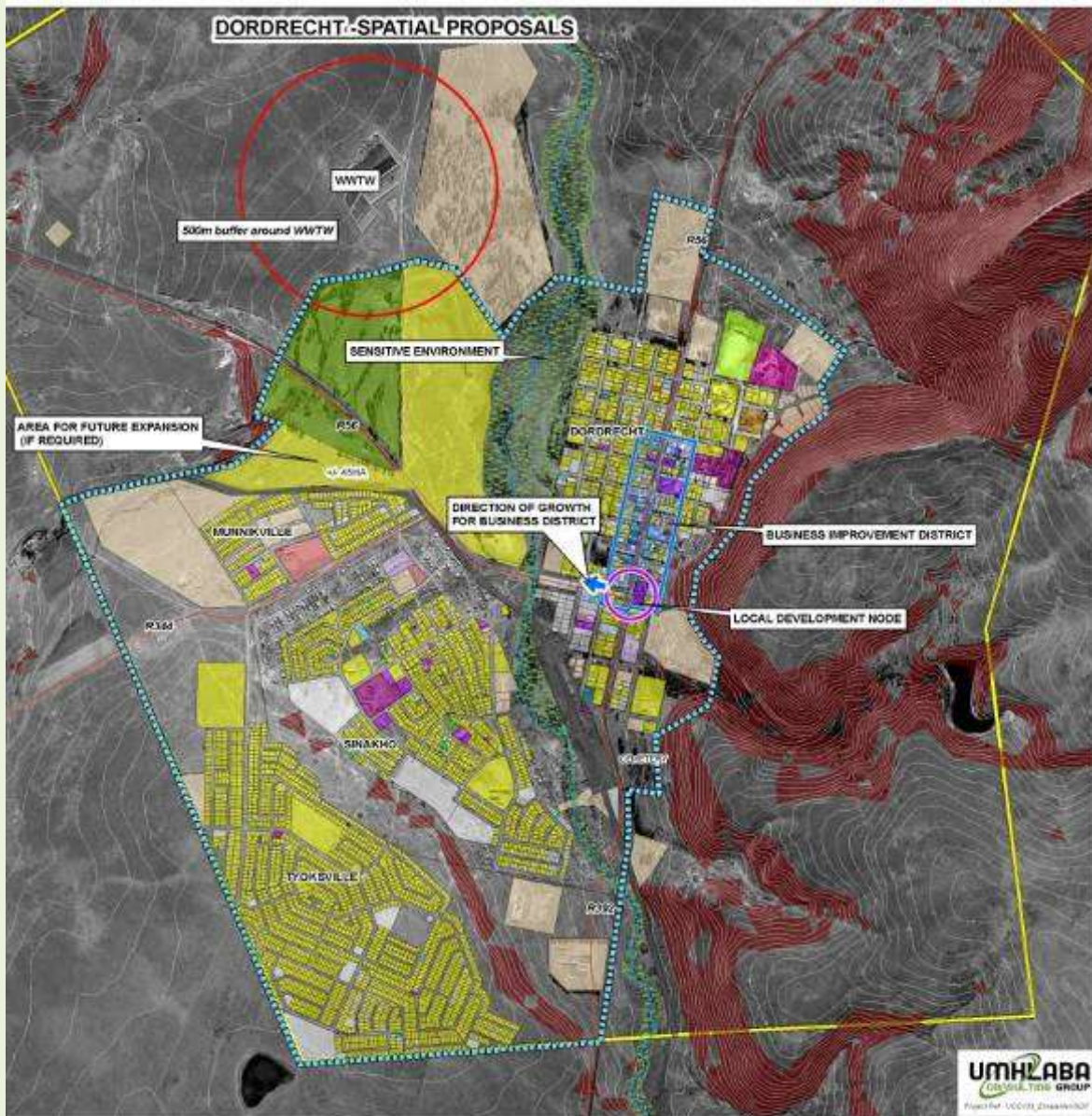
The Emalahleni SDF has identified approximately 58 Hectares for possible future growth as an extension to Mzamomhle Township. The amount of land is limited by gradient and fact that part of the land falls away from the catchment area for the existing treatment works as shown on Figure below.





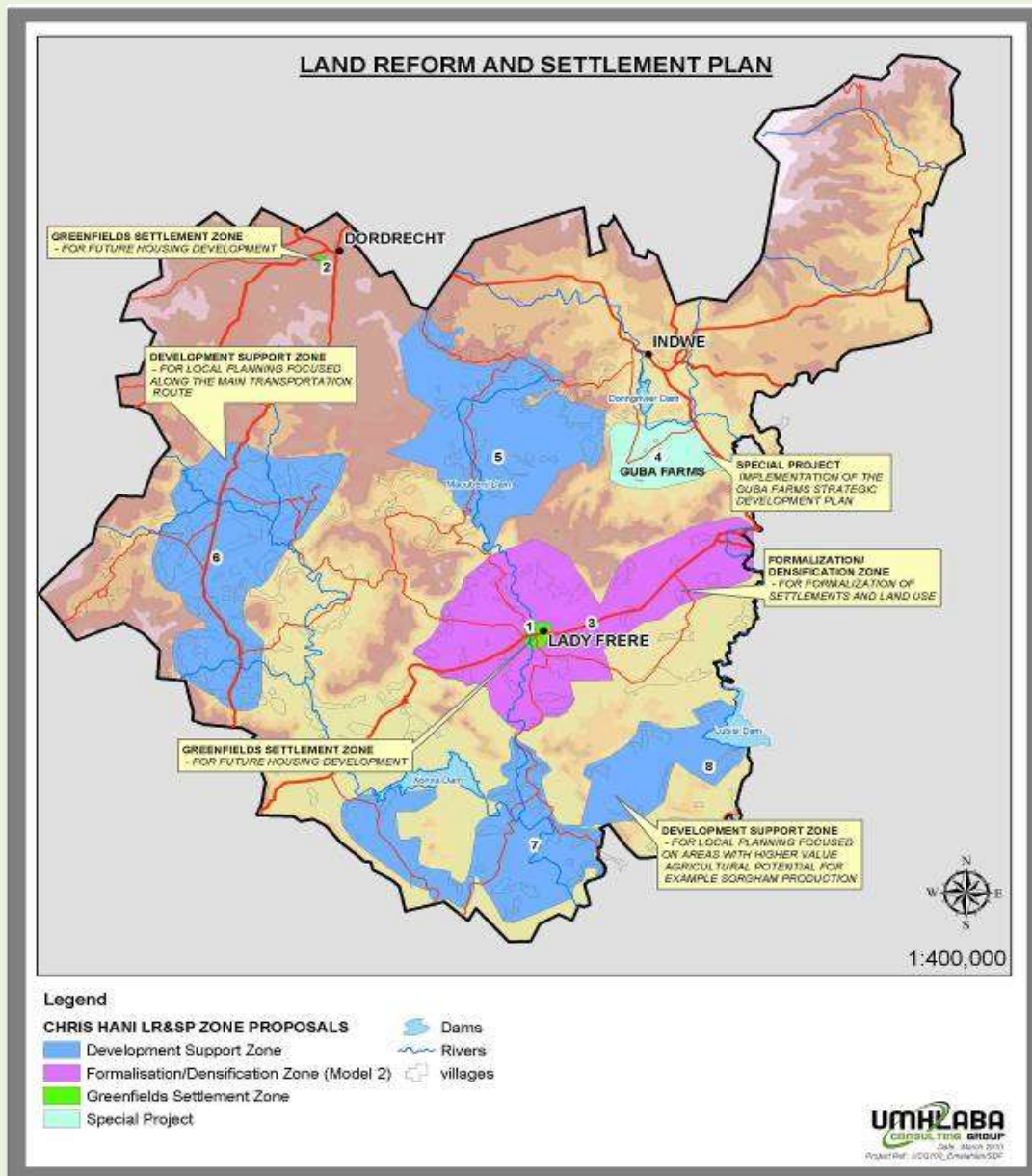
### Land Requirements and Availability in Dordrecht

The SDF has identified approximately 45 hectares of land required for housing development on both sides of the R56 with good visibility and access, close to the CBD and adjacent to the existing township of Munnikville as set out on Figure below



The following figure shows the land reform and settlement plan for the municipality

## Land Reform and Settlement Plan



## LAND OWNERSHIP AND SUPPLY

## General

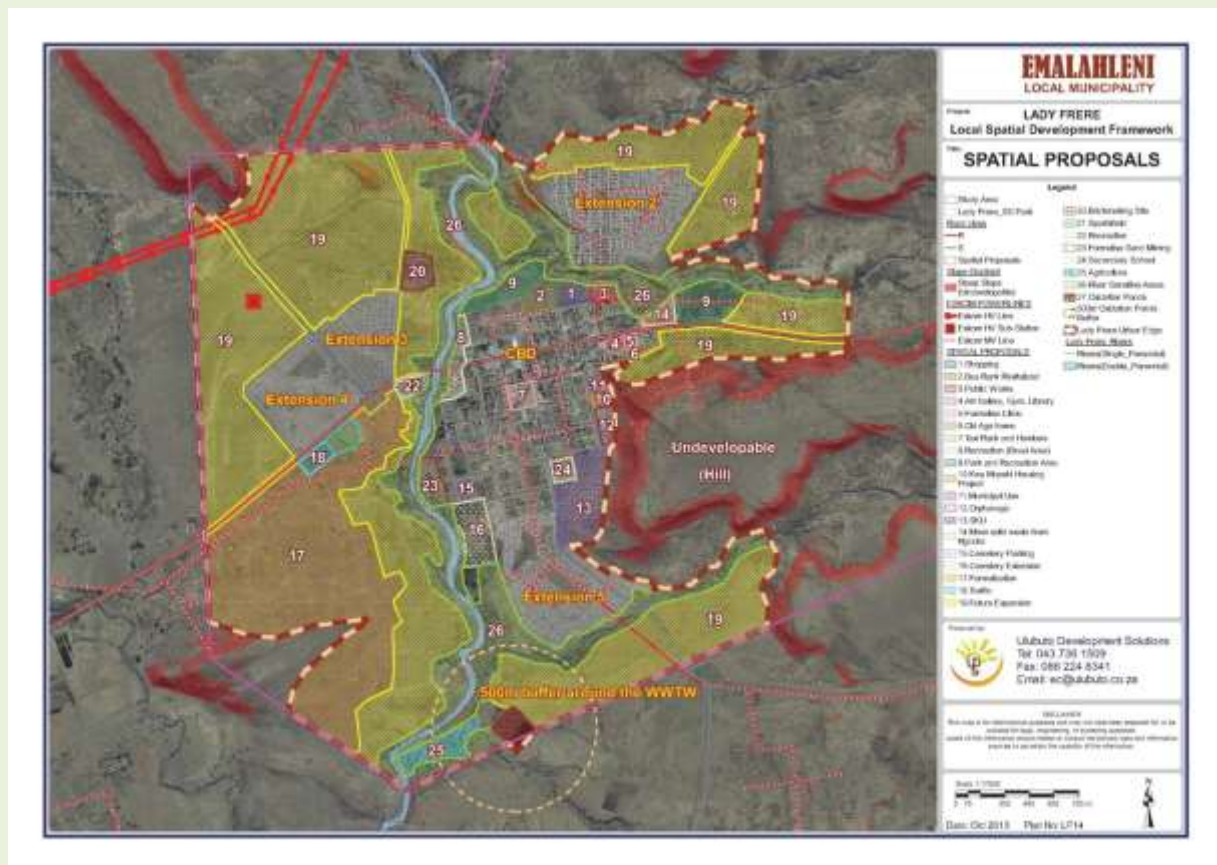
The Municipality is faced with a high demand for housing and the efforts of keeping up with the perpetual increase in demand are hampered by the challenge that the land identified for

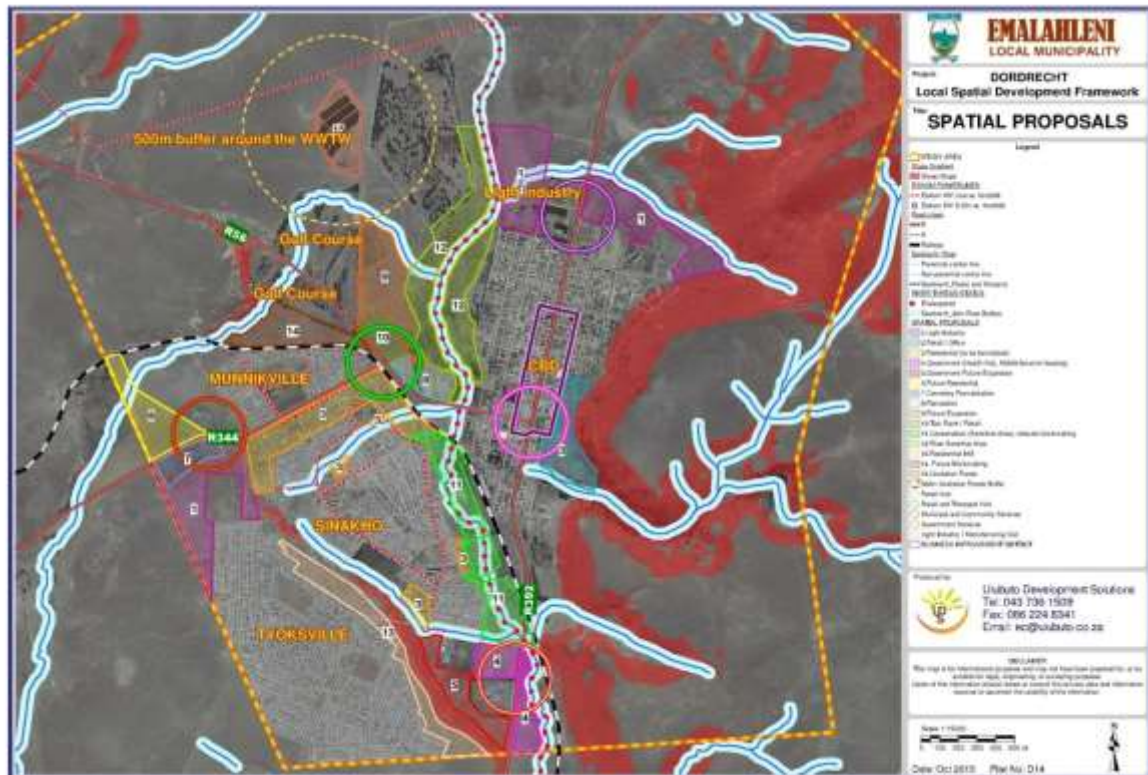


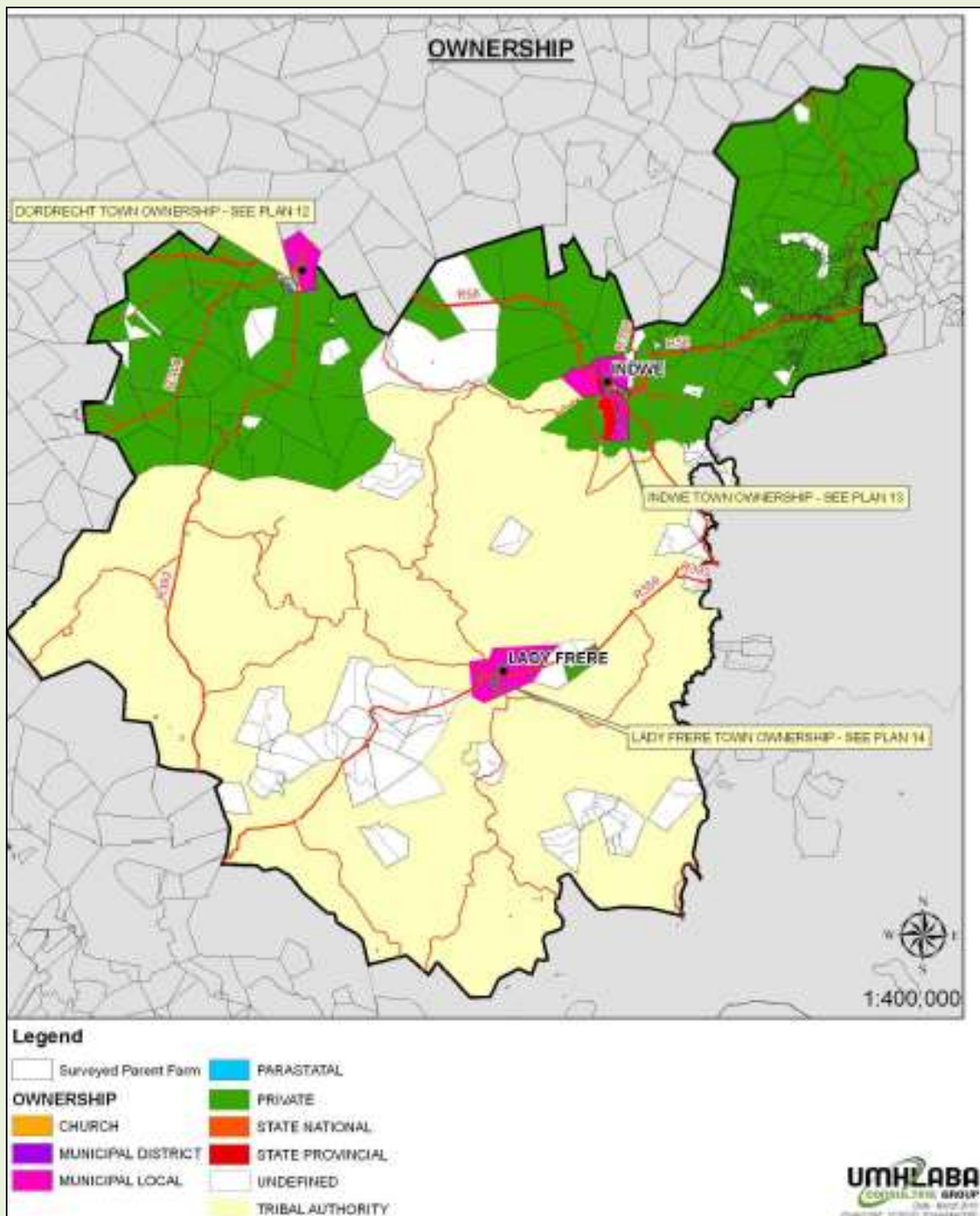
housing development does not have bulk infrastructure. The Municipality on the other hand does not have the housing development status and it becomes a challenge to justify the establishment of a fully-fledged housing unit in order to ensure efficient housing delivery.

## Spatial Proposals

The municipality has developed Local Spatial Development Frameworks for Dordrecht, Lady Frere which are still in draft form and Indwe done as part of the Master Plan for Indwe. The spatial proposals are proposed as per the urban edge of each development node. The proposals have various activities as per the needs of residents per town. The Spatial Proposals are as below:

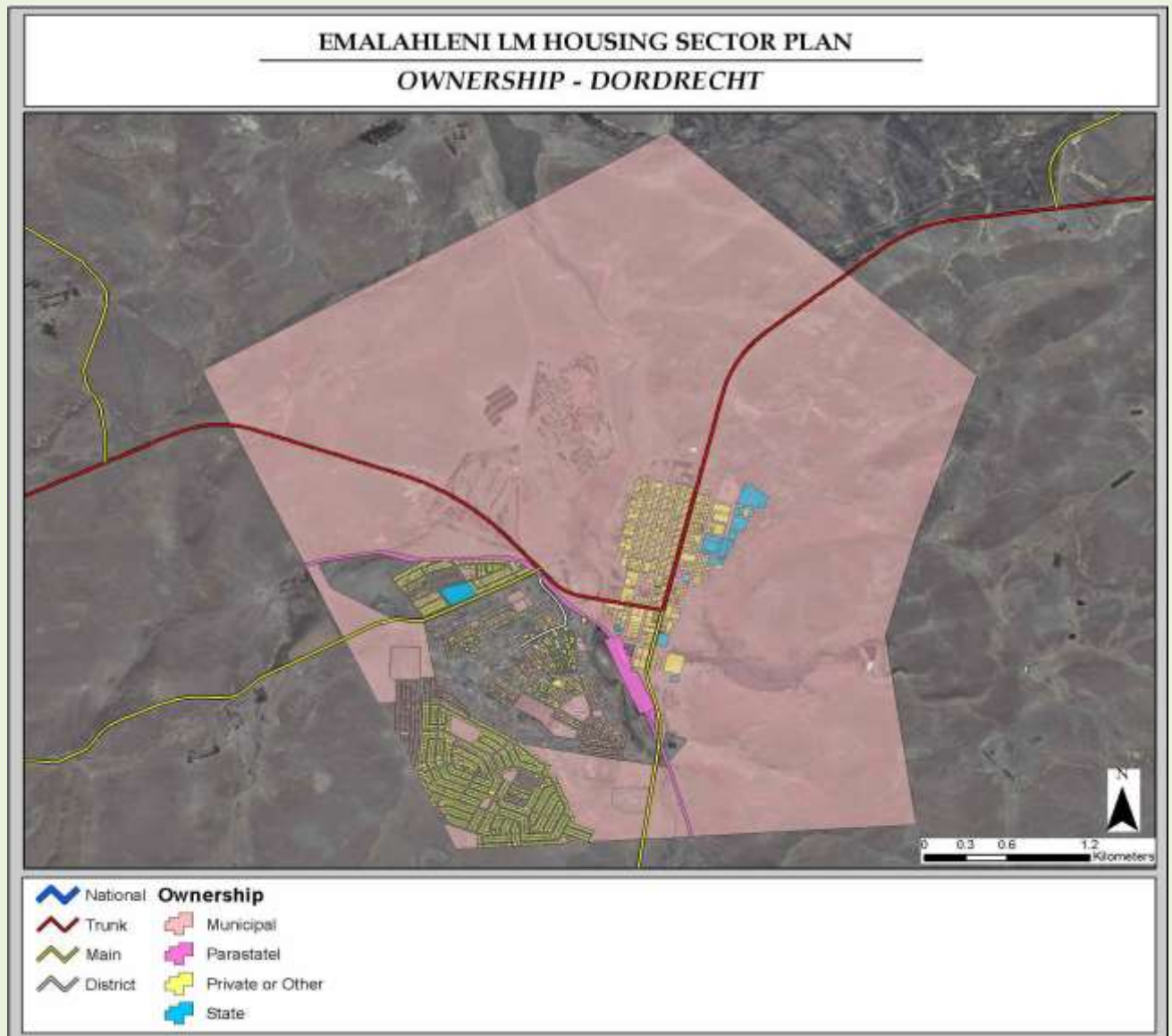


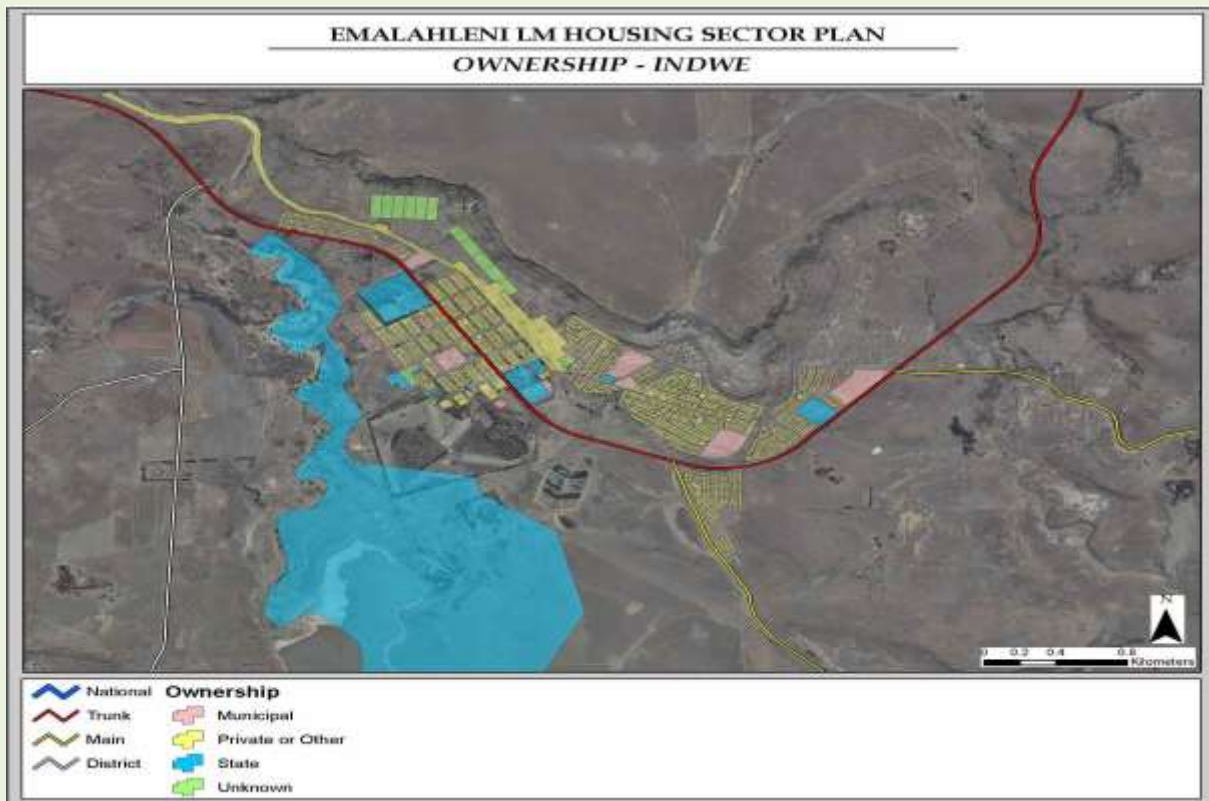


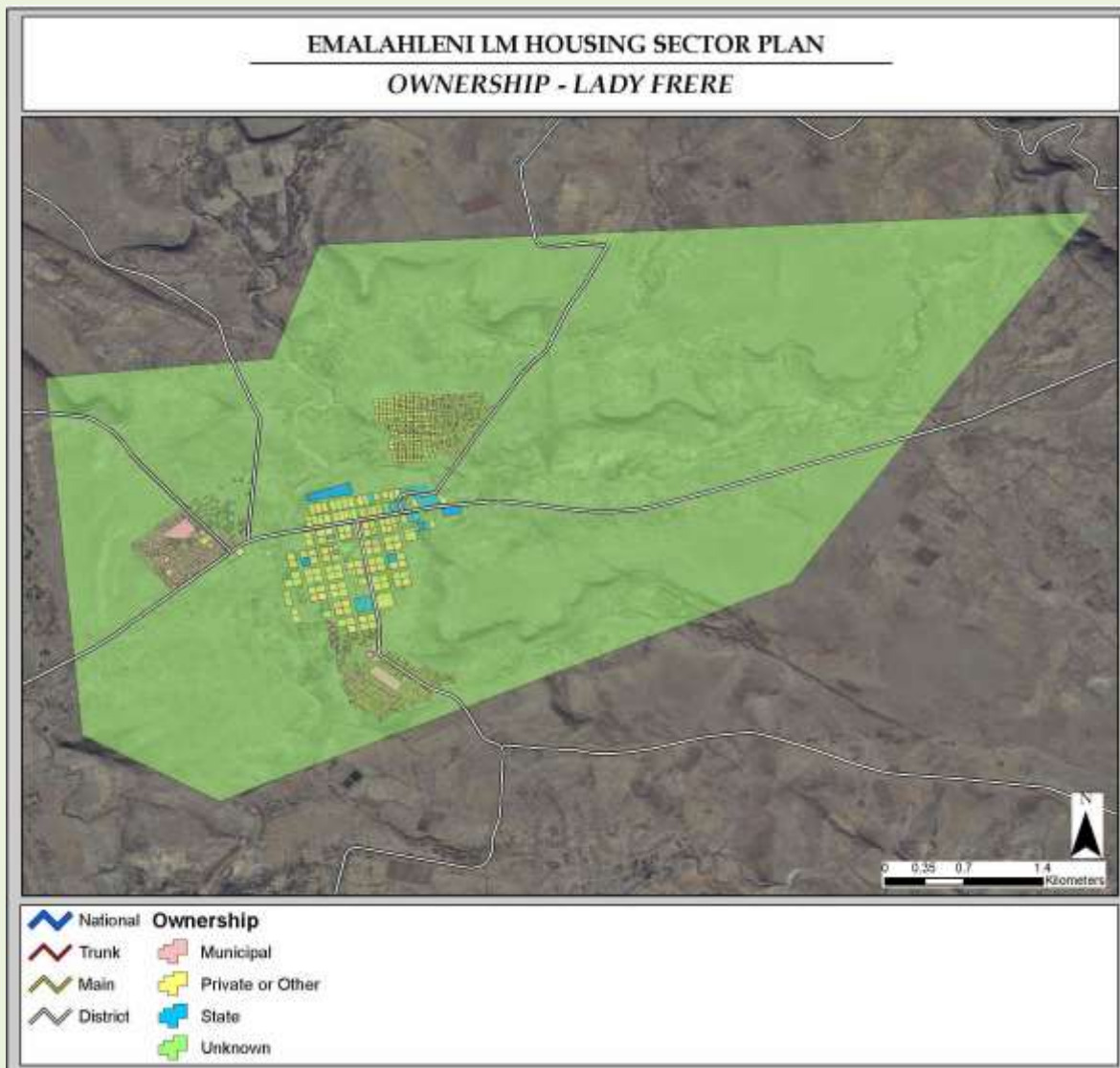


A land audit exercise was undertaken by the Municipality and it was clear that the majority of the Emalahleni area is under tribal authority when looking at a broader scale. In the urban centres the majority of even are privately owned.









### Land Potential and Constraints

The major constraint is that the land suitable for housing development has no bulk infrastructure in place.

### TOWN PLANNING

The town planning section is functional, The office deals with development applications which are processed and approved either by council or the Department of Local Government and traditional Affairs depending on which legislation applies in that town. Two legislations apply in the municipal area, the Township Ordinance 33 of 1934 in Lady Frere and the Land Use Planning Ordinance 15 of 1985 in Indwe and Dordrecht. Land uses are dominated by

residential land uses of which some are informal. The number of development applications received by the municipality is minimal. Subdivisions and rezoning applications are dominating development applications in the municipality. The section is also trying to have a functional GIS system with the help from the Department of Local Government and Traditional Affairs. Forward Planning is being done successfully as the broad SDF was reviewed and LSDFs in the three towns were done and the municipality has started planning for rural nodes.

#### MAJOR CHALLENGES IN HOUSING AND TOWN PLANNING SERVICES AND REMEDIAL ACTIONS

The following challenges and opportunities present themselves:

- Most of the existing housing stock within the urban centres are now falling down due to the lack of maintenance;
- Public housing stock and private rented houses are in a state of disrepair due to neglect by non-resident landlords, especially within Lady Frere;
- Housing Rectification Inventories have been developed and related housing repairs successfully undertaken according to business plans;
- The informal and formalized informal settlements are characterized with poor conditions;
- Accurate statistics in order to reflecting housing demand, backlogs, service delivery and forward planning are not freely available;
- There is inadequate housing to cater for the needs for the youth who are not ready to own houses but in need of secure accommodation;
- The non-existence of a land disposal policy is still a challenge.
- Communities not understanding or realising the benefits of an effective land development process and management.
- The number of development applications received is low.
- There is a lack of affordable housing for the middle-income groups within the area;
- Lack of housing delivery in the rural areas has put pressure on the urban housing demand; and
- The level of houses produced by contractors is not up to standard.
- Awareness campaigns need to be done for building and town planning

#### COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Housing remains a core competency of the Department of Human Settlements. ELM performs a monitoring and facilitation role and is required to monitor and report on progress and to facilitate the operations of all such housing projects. Traditionally it is acknowledged that the demand for housing remains extremely high (high levels of unemployment and poverty) and housing is in extremely short supply. Additionally the housing supplied has often been allowed to fall into a state of disrepair due to a lack of maintenance. Efforts to

repair these houses have been undertaken and achieved as per the project plans. After the review of the Sector Plan it was ensured that all housing projects were conducted in line with the sector plan and project progress was reported on as required.

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

#### THE REVIEW AND IMPLEMENTATION OF THE INDIGENT POLICY

This policy defines the qualification criteria of an indigent, the level of free basic services enjoyed by indigent households, penalties for abuse etc.

#### **Indigent Support Policy**

The objective of Indigent Support Policy is to ensure the following:

- The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and
- To provide procedure and guidelines for subsidization of basic provisions received from Central Government, according to prescribed Policy guidelines.

The Council also recognizes that there may be residents simply not able to afford the cost of full provision and for this reason the Council will endeavor to ensure affordability through:

- Settings tariffs in terms of the Council Tariff Policy; which will balance the economic viability of continued service delivery; and
- Determining appropriate service levels.

Every effort has been made to reduce backlogs and to ensure that indigents were registered accurately on the Indigent Register and Database. This remains an ongoing challenge although workers have been appointed specifically to develop accurate baseline data.

Due to the lack of data, backlogs are currently treated through a blanket approach and all indigents receive free basic electricity. Through the appointment of the community workers, it is the intention to resolve issues relating to the Indigent Register.

#### **Indigent Support**

Project Description	Project Outputs	Ward	DEPT	GFS	Financial
---------------------	-----------------	------	------	-----	-----------

					<b>Plan 2013/14</b>
Contribution to Indigents	Contribution Free Basic Services	ELM			R 1 568 551

### Refuse Cleaning Services

<b>Project Description</b>	<b>Project Outputs</b>	<b>Ward</b>	<b>Dept.</b>	<b>GFS</b>	<b>Financial Plan 2013/14</b>
Contribution to Indigent households	Providing free basic service	ELM	Community Services	OPEX	318 579

### Sanitation Services

<b>Project Description</b>	<b>Project Outputs</b>	<b>Ward</b>	<b>Dept.</b>	<b>GFS</b>	<b>Financial Plan 2013/14</b>
Contribution to Indigent households	Providing free basic service	ELM	Tech	OPEX	401 658

### Electricity

<b>Project Description</b>	<b>Project Outputs</b>	<b>Ward</b>	<b>Dept.</b>	<b>GFS</b>	<b>Financial Plan 2013/14</b>
Contribution to Indigent households	Providing free basic service	ELM	Tech	OPEX	848 314

T 3.6.1

#### COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

To date the number of registered indigents increases despite the challenges of capacity and resources. The Indigent Policy was reviewed and the Indigent Database has yet to achieve a level of accuracy.



## COMPONENT B: ROAD TRANSPORT

***This component includes: roads; transport; and storm water drainage.***

### INTRODUCTION TO ROAD TRANSPORT

T 3.7

### INTRODUCTION TO ROADS

In order to eliminate the road network backlog an amount of R6 billion is required for a period of three years in the capital budget.

During financial 2013/2014 financial year, ELM continued to implement the Bridge and Pavement Management System which outline the Conditional Assessment of the ELM Road Network.

## ROADS AND STORM-WATER

The municipality is responsible for the construction, maintenance and upgrading of local access roads and storm-water infrastructure. Other roads are a responsibility of the District, Province and National department of Transport. ELM has been identified for the assistance by the Municipal Integrated Support Agency to develop an extensive Master plan inclusive of the Roads master plan. Construction of ACCESS roads is done through the MIG Funding and roads maintenance is funded through own revenue. Own revenue for infrastructure is generated through plant equipment hiring. The entire road network of mainly gravel roads is generally in poor conditions and need upgrading and maintenance. The municipality has established Transport and Roads forums. These forums meet on quarterly basis.

Projects of Provincial significance in the Emalahleni area included inter alia:

The upgrading of the main road linking Cala to Lady Frere

### **Road Network and Corridor Development**

The various categories of roads are summarized as follows:

Trunk roads	65km
Main roads	90km
District roads	658km

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**Access/minor roads      313km**

The trunk and main road network consists mainly of the R56 which runs through Dordrecht and Indwe towards Elliot in an east / west direction, and the main roads between Sterkstroom/ Dordrecht (R344) as well as the Queenstown / Dordrecht (R392) link road.

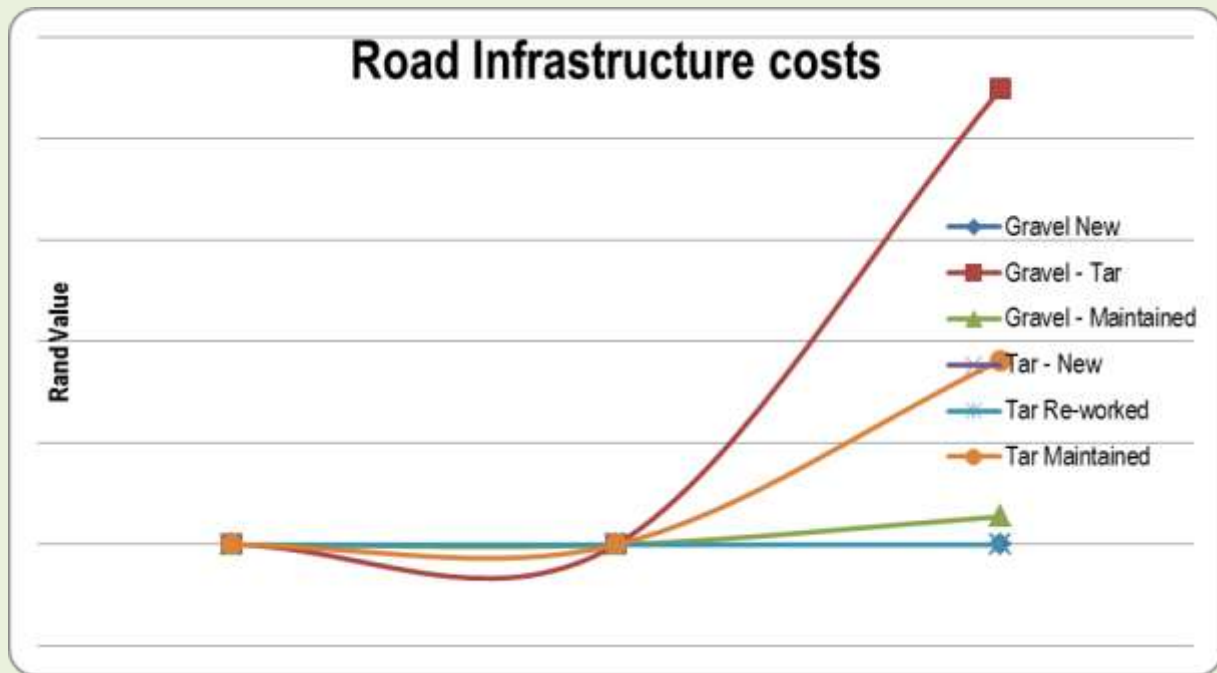
The entire road network of paved and unpaved / gravel roads is in general in a relatively poor condition although some interventions are planned, as indicated in the physical infrastructure project lists included elsewhere in this report. Most of the gravel road surfaces are below standard and should be upgraded to allow for all weather road conditions.

Access across streams and watercourses is generally poor during rainstorms. There is a municipality-wide need for the construction of appropriate causeways and bridges. Apart from the significant tourism route between Dordrecht and Maclear/ Mount Fletcher, consideration should also be given to improve the integration of, and link roads between Queenstown, Glen Grey, Cala and Elliot to strengthen corridor development and accessibility. Services along this corridor should further be developed to facilitate densification, focused delivery, planning and funding. This will serve to sustain the economies of the towns and develop stronger linkages and integration between rural and urban areas.

**Rail Network**

The light density railway line between Sterkstroom - Dordrecht - Indwe - Maclear is no longer being utilized for transportation of general freight commodities and timber. Limitations exist in regard to axle load carrying capacity of heavy freight and consideration is being given to reroute products such as timber to the East London - Umtata railway line which may further impact the utilization of the line. Strategies could include that railway line between Indwe and Molteno town to be rehabilitated for coal, timber and passenger transportation.





## ROADS MAINTENANCE

### Road Maintenance Service Delivery Strategy and Main Role-Players

#### Roads and Stormwater

This municipality is required to take responsibility for the construction, maintenance and upgrading of the local roads and stormwater infrastructure. All the other roads remain the responsibility of the District, Province and National Department of Transport.

In particular projects relating to the upgrade of the main road linking Cala to Lady Frere and new access roads as listed under projects are to receive attention. The Department of Roads and Transport have made an undertaking to support route maintenance – and funding has been set aside in these instances (for access roads construction and maintenance).

Budgetary constraints remain an ongoing challenge. In an effort to facilitate progress it is recommended that funding for both gravel and access roads be combined and funded as one and that every effort be made to continue to source additional funding.

Projects have been relatively well achieved and regular reporting is provided to the Standing Committees and to EXCO. Projects currently under way relate to:

Project	Status	Comment
Qoqodala Access Road	In progress	Snags list completed (Sept)
Surfacing of proclaimed road	60% progress	Documented in progress reports
Dubeni Access Road project	Tender awarded. Construction Phase	MIG and ELM funding. Progress Reporting.
Indwe Stormwater	Progress	Written to CHDM. Progress reporting.
Project	Status	Comment
Paving Project in Lady Frere	70% complete	Validation required
Sidewalks	20% complete	Validation required
Stormwater Channel	Statistics required	Validation required
10 Projects registered and approved	Two roads projects were implemented this year: Rwantane Access Road and Dlamini Access Road.	Funding awaited + no progress reports

**Annual Performance as per Key Performance Indicators in Roads and Stormwater Services for 2013/2014 are reflected as follows:**

Indicator	Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1 Percentage of households without access to gravel or graded roads	46%	50%	15	15 436	51.40%
2 Percentage of road infrastructure requiring upgrade	80%	100%	18	15 436	54.40%
4 Percentage of planned new road infrastructure actually constructed	10%	5%	10		90%
5 Percentage of capital budget reserved for road upgrading and maintenance effectively used	120%	10%	10		90%

**Annual Performance as per Key Performance Indicators in Roads and Stormwater Services for 2013/2014 are reflected as follows:**

Indicator		Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1	Percentage of households without access to gravel or graded roads	Estimated at 88%	33 788 H/H	30.1km (est. 1833 H/H)	Est. 3833 H/H	100.00%
2	Percentage of road infrastructure requiring upgrade	Est 92% (Rural & Urban)	486.8 km	30,1 km	Est. 3833 H/H	100.00%
4	Percentage of planned new road infrastructure actually constructed	95% (mostly rural)	110 km+	14km	1254 H/H	10%
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used	0%	0%	0	0	0%

**Roads and Storm Water**

Project Description	Project Outputs	Ward	Dept	GFS	Five Year Financial Plan
Construction of Rwantana Access Road	Road Constructed	1	Technical	MIG	6 510 000
Access Road Dlamini	Road constructed	7	Technical	MIG	4, 682 993
Construction Fani Access Road	Road Constructed	7	Technical	MIG	0
Dukathole to Mangweni Access Road	Road Constructed	9	Technical	MIG	0
Bankies Access Road	Road Constructed	10	Technical	MIG	0
Gadlume viaThaleni Access Road	Road Constructed	13	Technical	MIG	0
Mhlanga Access Road	Road Constructed	14	Technical	MIG	0
Construction of Ntsinga to Njombela Access	Road Constructed	2& 17	Technical	MIG	0
Purchase of Plant Machinery	Machinery	ELM	Technical	CAPEX	0
Construction of Council Chamber	Council Chamber	ELM	Technical	CAPEX	0

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:
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The road network of ELM is rapidly deteriorating due to aging and adverse weather conditions (Bridges and Pavement Management System: 2012). ELM is currently not able to address the matter promptly due to funding challenges. Currently ELM is receiving about 5% of the required funding for rehabilitation and upgrading of its road network. This does not assist the institution in performing at its peak when addressing roads challenges.

### 3.8 TRANSPORT (INCLUDING PUBLIC BUS / TAXI OPERATIONS)

#### INTRODUCTION TO TRANSPORT

The ELM transport system must provide all citizens with the opportunity to access work, school, community services and recreational activities in a safe and secure environment. This means that the integrated transport system should consist of viable choices ranging from affordable public transport services, private transport and safe walking and cycling opportunities. The provision of the transport system and services must consider the location of residential, business and industrial areas, institutions of learning and services. An integrated approach is important to ensure that the land use structure supports an efficient system. The special needs of the young, the elderly and disabled persons must also be provided for, so that the public transport system is accessible to all people.

#### *Top 3 Priorities include:*

- **Accessibility** – The design and implementation of the transport and roads infrastructure must provide access for residents to economic, educational and social opportunities in all areas. It must also provide access to the local schools, cemeteries and other local community centre.
- **Mobility** - The design and implementation of the widening of main roads and the provision of side-walks should be standard in order to improve mobility during peak hours.
- **Safety** – The installation of traffic signals at busy intersections like pedestrian crossings next to schools, hospitals, etc. should reduce the number of vehicle and pedestrian conflicts.

#### PUBLIC TRANSPORT

##### **a. Taxi and Bus ranks**

Public transport is an assigned function of Emalahleni Municipality; as a result we have a functional Transport Forum. Interventions are mainly limited to infrastructure development such as erection of bus / taxi shelters along public transport routes. These too are often of poor condition and quality.

## b. Status Quo

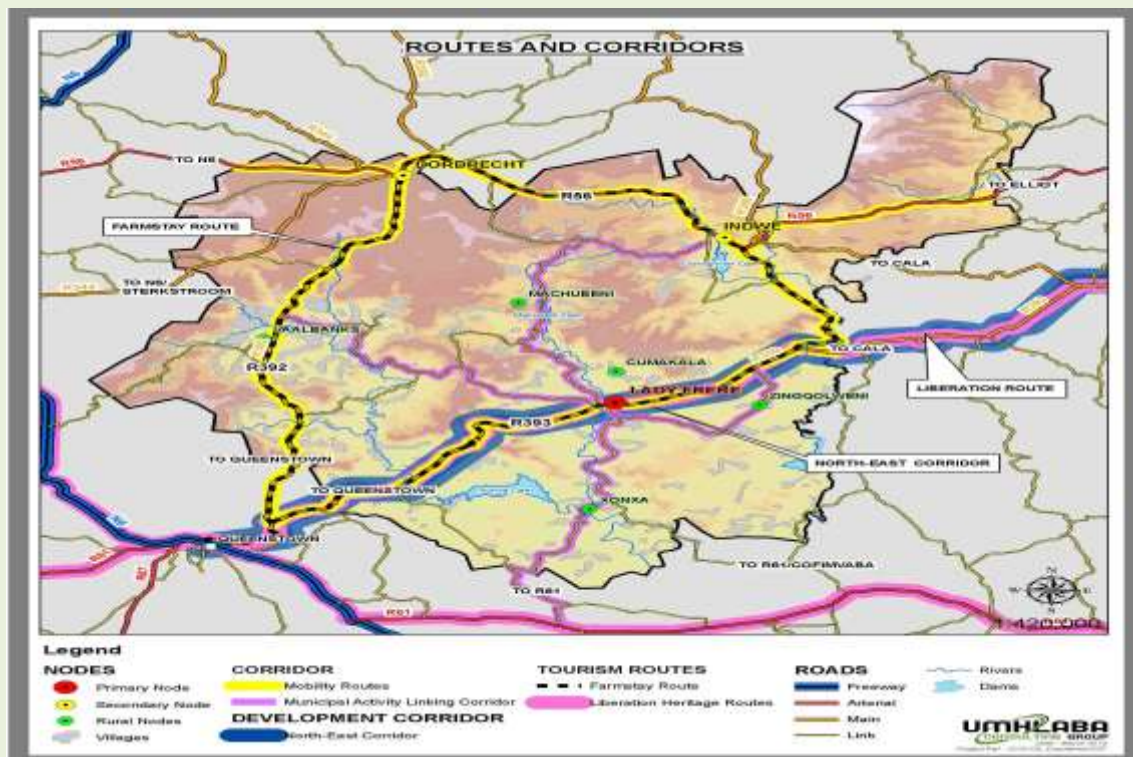
- Taxi operators are complaining about over-subscription on routes and a decrease in income.
- Bus operators are unhappy about what they see as extremely low subsidies and about the fact that they see themselves as being forced out by government.
- The general condition of buses and taxis is very poor and often not in roadworthy state.
- Commuters are generally unhappy with the services being provided by both taxis and buses.
- Rail services for commuters have been decreased over the years.
- There are taxi ranks in Lady Frere and Dordrecht. The taxi ranks in Lady Frere are being upgraded. The taxi ranks in Dordrecht are not being used at all.
- The role of bakkies in rural areas is very significant and the approval and / or upgrading of these special category vehicles needs urgent attention. Appropriate road infrastructure and public transport facilities including taxi ranks and bus transport facilities are lacking.

## Development Corridors of Importance

Development Corridors are defined as roads of significance at Municipal or Local Level that:

- Facilitate movement of people and goods to and from an area
- Link places in the Municipal area to other places of significance (i.e. markets, places of work or social/economic opportunity)
- Create a focus for activity (e.g. Tourism)

The following Corridors are defined for Emalahleni: -



TYPE	AREA/DESCRIPTION OF LOCALITY	FUNCTION
Mobility Routes	R393 (Queenstown –Lady Frere – Cala) R392 (Dordrecht – Queenstown) R56 (N6 – Dordrecht –Indwe – Elliot)	These routes carry passing traffic and provide access between local areas in Emalahleni and centres further a field.  <b><i>Spatial Planning Priority is to manage settlement development along the Primary and Secondary Movement corridors to mitigate impacts of settlement on road</i></b>
Municipal Activity/ Link Corridor	Vaal Banks –Lady Frere Lady Frere –Xonxa –R61 Lady Frere – Machubeni –Indwe Lady Frere –Zingqolweni	Linking areas of development potential to Movement Corridors and Urban centres
Development Corridor	North -East Corridor	Corridor of district and municipal-level economic importance
<i>Special Routes (Tourism )</i>	Farm-stay Route (Queenstown – Dordrecht- Indwe – Lady Frere – Queenstown) Liberation Route (R393)	These routes are of importance at Local Municipal and District scale in respect of the need to formulate a product-unique marketing campaign to encourage local and foreign tourism in the area.

## MAJOR SUCCESSES

The following are considered major success for ELM to ensure law and order in our towns:

- Establish Testing Station and Law enforcement unit by June 2014;
- Chief Traffic and Licensing Officer has been recruited;
- Acquisition of fleet for traffic officers has been done
- The completion of the detailed design and favourable outcome of the Environmental Impact Assessment for the implementation of access roads. Tenders for the construction of these have been awarded and some are in the process of being awarded.

## CHALLENGES

Taxi and bus facilities in Emalahleni Local Municipality are generally in a very poor condition and are often merely informal areas (embankments on roads, open fields etc.), in rare cases there have been attempts to formalize the ranks, which are characterized by:

- Lack of basic services such as water, sanitation, electricity, telecommunications
- Passenger shelters and seats are rarely available
- Parking surfaces are generally not marked
- It is difficult to tell the difference between holding, loading and parking areas
- There are no wash bays
- Entrance/exits are not clearly marked
- Destination boards and general signage is non-existent.

## COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

**Lady Frere Main Road widening** – The widening of the Lady Frere Main Road will increase the capacity of the road thereby making access more favourable and allowing the municipality to grow as required.

**Public Transport Facilities** – Public Transport facilities within the municipality are out-dated, lack facilities for users and operators alike and are generally not well located for commuters.

**Integrated Transport Plan Implementation** - It is the responsibility of the municipality to ensure that commuters on all modes of transport are able to access the various opportunities the municipality has to offer in a secure, safe and reliable manner.



### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The focus of the Department has been to support and promote entrepreneurship, facilitate trade and attract investment and market Emalahleni Local Municipality as a tourism destination. In delivering this mandate of Local Economic Development, ELM has partnered with institutions involved economic development e.g. Chris Hani District Municipality, ELM farming community, SMME's operating in ELM, Eastern Cape Development Corporation, Eastern Cape Rural Development Agency, Chris Hani Development Agency, Department of Economic Development and Environmental Affairs and Tourism, Chris Hani Cooperative Development Centre, Department of Rural Development and Agrarian Reform, Department of Social Development and Small Enterprise Development Agency.

The Department has placed increased emphasis on the following programmatic activities: Agriculture and Rural Development; Tourism Development and Promotion; SMME Development; and Trade and Investment.

The department has reviewed and finalized various sector plans to inform its strategic planning process. The Master Plan are to ensure that the municipality' approach to key sectors is strategic, with clear, well defined interventions.

In terms of both medium- and long-term planning, the municipality is reviewing the LED Strategy. This process will assist the municipality with its long-term planning and visioning.

Industry stakeholders remain an integral part of driving economic development, thus the municipality has implemented various programmes in partnership with industry. In the year under review various forums have been established and are functioning i.e. SMME Forum, Cooperative Forum, Tourism Association and Agricultural Stakeholders forum. These forums meet from time to time to discuss and input in Council initiatives and they are a strong linkage between the municipality and industry.

The Planning and Economic Development Director is coordinating a high level engagement between SMME's and established business and the municipality. These forums are an Economic Advisory Forum and made up of the representatives from ELM, Small and Medium Enterprises from Lady Free, Dordrecht and Indwe. The forum focuses on economic development priorities in all the three major centres and the surrounding rural communities.

ELM offers business support and tourism centres in the nodal areas where there is poverty and underdevelopment. The municipality further assist by marketing Emalahleni tourism products and facilities within ELM. Brochures have been developed with the purpose of marketing various tourist products within ELM.

## ACHIEVEMENTS OF 2013/2014

Emalahleni's Economy has not grown exponentially over the last decade but it has experienced a growth of just below 2% between 1996 and 2008. The GDP was estimated by Global Insight to be around R439 million (2000 constant prices) by 2008. The buying power (ability of the market to absorb products) was around R405 million while the gross value-add was estimated to be about R608 million for the same period.

The average levels of payment for services remained low at 23% by early 2010 in contrast to the growing trend of affordability when considering that 55% and more of households earn above R2500 per month. A vigilant revenue collection strategy must be developed and implemented to address and improve the situation.

The LED strategy identifies community services, retail, agriculture, mining and tourism as strategic sectors with potential for growth in line with National, Provincial and Regional Economic Growth Strategy (NSDP, PGDS and REGS, respectively). However the contribution by these strategic sectors to the economy is incongruent to their perceived potential. The review of the LED strategy will have to investigate the underlying causes for this problem and suggest creative ways of turning the situation around.

Emalahleni generally appears to be worse off when comparing the levels of development indices to that of the rest of South Africa. Emalahleni however enjoys better levels of GAPs between rich and poor compared to the rest of South Africa with a Gini Coefficient of 0.61. The table below illustrates this point by comparing the poverty, HDI and Gini-Coefficient indices to those of the rest of the country.

### 3.11.1 OVERVIEW OF THE LOCAL ECONOMY

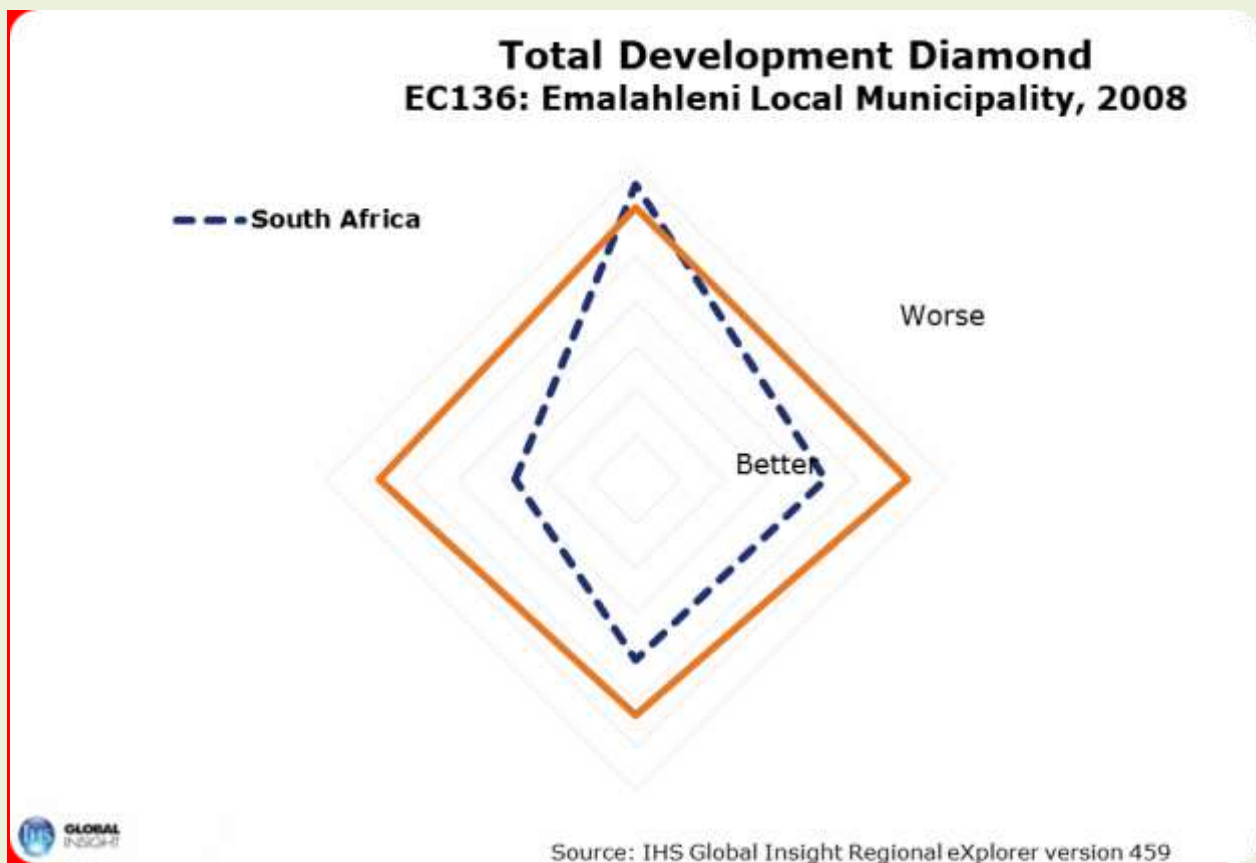
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Increase employment and stimulate economic growth through the Economic Development & Empowerment Strategies by

- Promotion and development of Small, Medium and Micro Enterprises. (SMME's) with focus on PDI's. ELM targets to ensure up-skilling and training of 50% of all SMMEs (in its database) by 2016
- Regulations, by-laws and Council policies should promote and encourage business investment and local labour incentives
- Promote and stimulate the opportunities for Public \ Private Partnerships (PPP's) for infrastructure and service delivery.
- Stimulate economic growth and business development through incentives for business retention, expansion and attraction
- Encourage human resource development through existing and future projects and community organisations
- Promote and market the local area through tourism organisations, customer services and establishment of on-going linkages with other regional economic development)
- Promote local business support and spending
- Promote beneficiation of local products and raw materials
- Allocate responsibility to various role players within Council
- Investigate and identify all relevant role-players to add value, assistance and funding
- Participate in national programmes – ensure that the community is exposed to all initiatives and encourage them to participate. Assist communities with access to programmes and funds
- Co-ordinate employment initiatives through Expanded Public Works Programme and Supply chain processes
- Strive to access all forms of funding and support
- Facilitating and encouraging the registration of informal businesses to formal SMMEs
- Continued use of ELITHENI Coal Mining (PTY) LTD to interact with local businesses to determine local business capacity and opportunities that can be explored for mining and other related programmes
- Continued to assist ELITHENI Coal Mining (PTY) LTD to re-open the mine with assistance from the Office of the Premier.

To improve the tourism industry and increase number of tourists visiting the region through the following tourism strategies

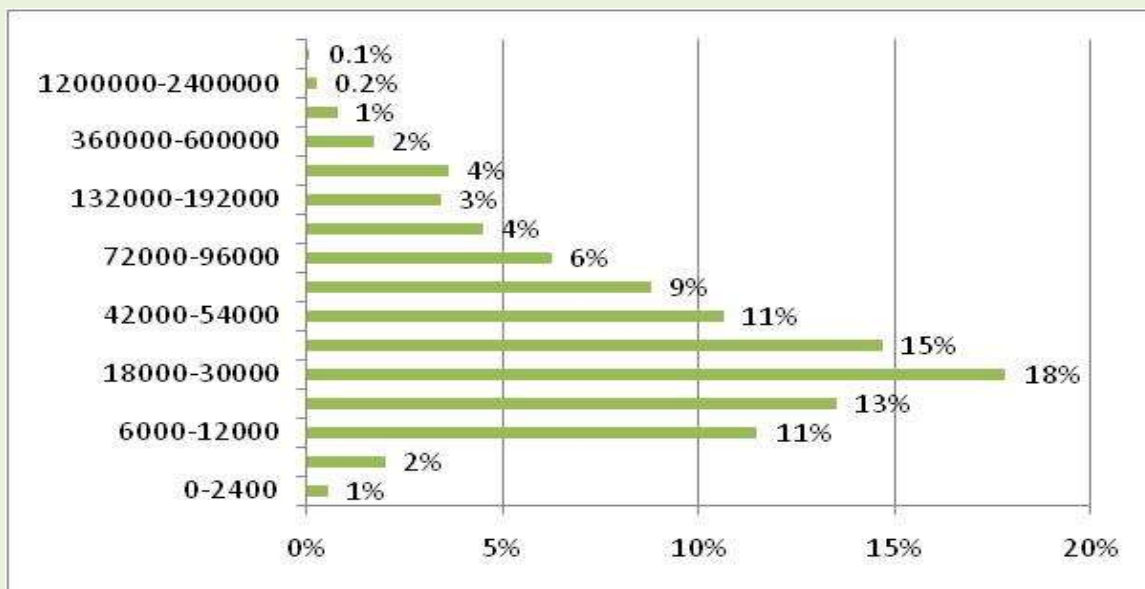
- Upgrade, maintain and provide tourism facilities and support

- Engage in active marketing on a local and regional level
- Facilitate establishment of Tourism structures (Local Tourism Organisations)
- Develop Tourism infrastructure
- Encourage capacity building, development and training of LTOs

### 3.11.2 ECONOMIC DEVELOPMENT INDICATORS

#### Income Distribution

Household income distribution provides a useful indicator for levels of economic development and exposure to poverty. A large number of households in Emalahleni can be deemed as indigent with gross monthly incomes of less than R1500 or an equivalent of 2 state pensions (R1600). The table below sets out a comparison of distribution of household by income levels. It shows that 28% of households earn between R1000 and R1500 per month while another 18% earns between R1500 and R2500. A positive aspect of the comparison shows that since 2008 an estimated 55% of households earn above R2500 per month



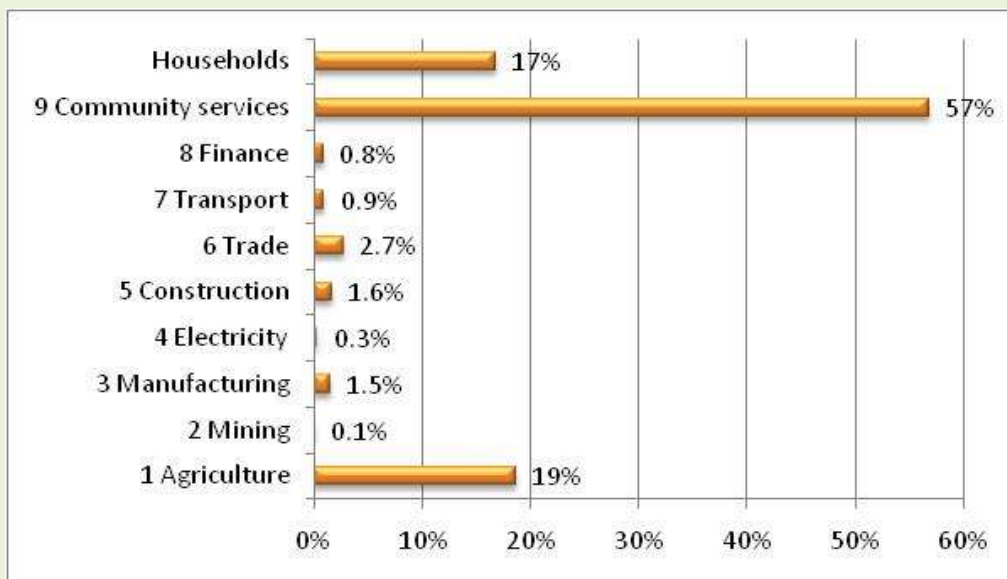
#### Employment

Employment and unemployment levels are useful indicators for effective growth in the economy. Current estimates by Global Insight reflect that the unemployment (official definition) of Emalahleni is approximately 50.3%.

This must be considered a problem as the high unemployment figure has a direct impact on the ability of people to service their debt and contribute meaningfully to the economy. It is also a major cause for concern as it has a direct impact to the improved human development index.

The main sectors contributing to employment are set out in the table below. In the table community services account for 57% of employment opportunities, followed by Agriculture at 19% and Households (domestic work) at 17% respectively. With the exception of trade (boosted largely by retail sub-sector) at 2.7%, all other major sectors contribute just under 2% each. This situation is unsustainable and cannot be relied upon to drive the critical growth required in the economy.

Underperforming sectors like Agriculture, mining, tourism and manufacturing need to be rejuvenated in order to yield qualitative and quantitative growth benefits in our local economy.



### 3.11.3 SECTORS CONTRIBUTING TO EMPLOYMENT

#### Agriculture

According to a study conducted by the ARC for Ruliv the following potential for Agriculture has been identified in Emalahleni Local Municipality.

- Cattle (livestock) production in the entire ELM jurisdiction
  - There are nine (9) functioning stock sales' pens for stock auction. ELM is

- actively involved by facilitating markets for livestock
  - On-going branding programme by ELM in order to prevent stock theft
  - Sorghum production in the entire ELM jurisdiction
  - There is a secondary Co-operative which made up of seven (7) primary co-operatives
  - There is a secondary Co-operative which made up of six (6) primary co-operatives (primary and Secondary Production- Agro-processing).
- Sheep production areas – the entire ELM jurisdiction
    - There are fifteen (15) Shearing sheds for wool production. This is supported by ongoing exchange of Merino bull-type of sheep
  - Irrigation potential of a further 5500 hectares at the Xonxa and Lubisi Dams as well as irrigation at the Guba Farms
  - Local projects such as
    - Home gardens
    - Small scale irrigation
    - Maize production
    - Woodlots
    - Mushrooms
  - Freshwater fish production in the Doring River Dam and Xonxa dam

## Mining

The Municipality has over the past decade been investigating ways and means to extract the benefit and maximum value from the coal resources found within its jurisdiction. Coal mining has largely been an untapped resource with the potential to contribute to the economic growth and job creation within the area, if developed.

The Municipality together with the Provincial Department of Economic Affairs and the National Department of Minerals and Energy has set in motion a process to develop this resource which is finally yielding results. Elitheni Coal Mining Company from Port Elizabeth has been granted mining rights to mine coal in the area for a period of more than thirty years.

Already some results have been the development of road construction in the area to be mined and the development and construction of infrastructure required for the mining development. In order for the mine to operate at a bigger scale 13 kilometers of roads from Indwe town to the mining area and 14 kilometers from mining area to Mhlanga siding needs to be surfaced with tar.

The railway line between Indwe and Molteno town needs to be rehabilitated. The roads that are connecting Indwe via Machubeni, the road between Indwe Port and Indwe via Cegceyana need to be surfaced with tar for the purpose transport mobility that will result increase of economic activities. The road between Lady Frere and Dordrecht via Qoqodala, Vaalbank and Bankies needs maximum attention in terms of maintenance in order to accommodate the anticipated traffic volume that will increase due to mining existence.



Elitheni Coal Mine is on temporary closure due in fighting between the directors of the Mining Company. The Municipality is engaging the Premier's Office for intervention in the Mine.

A Master Plan has been developed by the Municipality to cover the integration of the development and linking the mine development to the entire economic growth of this area. The LED strategy provides guidance on how to address and develop this sector.

Small-scale excavation mining is occurring near local rivers with ad hoc mining of sand for building and brick making purposes by individuals and/or operators without permit. The lack of regulation of this activity poses an environmental threat. There is a great need for the Municipality, with the assistance of DEAT and DME, to develop a functional by-law to regulate and manage this activity to protect the environment from damage.

### **Tourism**

The scope for the development of the Local tourism sector within the Municipal area is vast. The areas that have been identified with potential for tourism development include but are not limited to:

- Aqua sport linked to existing Dams (Xonxa and Lubisi)
- Cultural tourism linked to the Liberation and Heritage Route
- Craft produce
- Rock art promotion and beneficiation
- Museum – Dordrecht
- Accommodation and fast food outlets
- Waterfalls in Bhozwana
- Mountains
- Resorts and Cultural Villages

Currently there are a limited number of existing tourist attractions within the area such as the Indwe Resort with accommodation facilities and the Kloof (A viewing point) in Dordrecht which was extensively damaged and destroyed by the dam wall collapsing.

There are areas where Bushmen paintings exist which have the potential to be developed into tourist attractions. Trout fishing trails and mountain bike races have also become recent tourist attractions. The Dordrecht Festival and the Lady Frere Annual Cultural games have the potential to be developed into a tourism attraction. Occupancy rate in accommodation facilities Indwe, Dordrecht and Lady Frere is more than 90%.



## Heritage Resources

Emalahleni municipality is in the process of declaring heritage sites. A list of heritage resources within Emalahleni Local Municipality is as follows:

Site Name	Significance	Conservation Status	Management
Macubeni Coal Mine near Indwe	Washed out old coal mine showing early mining methods	It is in bad condition except the area which is under Elitheni Coal Mine.	Machubeni Traditional Council, National Department of Rural Development and Land Reform and Department of Mineral Resources.
Dams: Machubeni, Xonxa and Lubisi	Water Resources for Emalahleni municipality residents	In good conditions	Department of Water and Sanitation
Fallen Heroes	Luvuyo Lerumo 1960 to 1986 Qonda Hoho 1956 to 1988 Tsotsi Queens Nonesi	In good conditions	Emalahleni Local Municipality
Glen Grey Falls near Lady Frere	A beautiful natural site	In good conditions	Traditional Council
The Kloof near Dordrecht	Natural site with some unique flora	Degraded due to plundering for firewood	Emalahleni Local Municipality

Site Name	Significance	Conservation Status	Management
Cacadu River at Lady Frere	Links most Ward	In good condition	Various Traditional Councils
Churches in Lady Frere	Two examples of 19 <sup>th</sup> Century Churches	Well looked after	Church
Anderson Museum at Dordrecht	Oldest museum	In good condition	Anderson Family Trust
Victorian Buildings at Dordrecht	Architectural example	In good condition	Municipality / Private
Burgher Statue at Dordrecht	Tourist attraction	In good condition	Municipality
San Rock Art at Dordrecht	Ancient art	Well kept	Private
Methodist Church at Dordrecht	Architectural example	In good condition	Church
Doring River Dam at Indwe	Leisure area	Could be better utilized	DWAF

Source: Chris Hani State of Environment Report

## Manufacturing

Manufacturing within our local economy is almost non-existent despite the existing potential for agro-processing and farming related opportunities in Sorghum production and processing that is still at infancy stage, and a dairy processing in a form of Cheese Factory failed efforts are in place to revive it. In order to access and release this potential and convert it into economic benefits a dedicated investment framework must be developed to deal with issues of skills development, attraction of investments, concessions and partnership development.

The Municipality can initially, in close collaboration with partners such as ECDC, IDT and Trade and Industry department, identify and target small scale manufacturing initiatives such as recycling, brick making, wool processing and fruit juice production to develop this sector in the area.

The upliftment and improvement of this sector would ensure a positive impact in terms of its contribution to the GDP and employment. The impact on the economy would be marked with the resultant benefit impacting on and accruing to large numbers of families. The Municipality has initiated the first steps to develop this area by identifying Ibuyambo Sorghum Cooperative as a partner. An application for funding from Thina Sinakho was submitted and R3 4 000 000.00 was approved to develop and establish a Grain Mill that will be a mechanism to develop grain production in the form of sorghum.

Emalahleni Local Municipality, Chris Hani District Municipality and Department of Agriculture currently known as Department of Rural Development and Agrarian Reform and Department of Economic Development and Environmental Affairs and Tourism also funded Ibuyambo. The funding from all these stakeholders has been exhausted. In 2014 Eastern Cape Rural Development Agency presented a funding of R 46 million for 3 years (70%, 20% and 10% in the last quarter) for Emalahleni RED Hub Project which is a pilot initiative in the Emalahleni Area with the intentions of mobilizing the Emalahleni communities in linking primary agricultural production to agro-processing.

#### 3.11.4 HUMAN DEVELOPMENT INDEX (HDI)

The Human development index is a useful indicator of the levels of development, vulnerability to poverty and lifestyles in an economy. It provides a composite assessment of development factors such as levels of literacy combined with incomes and poverty.

It is often measured as a number ranging between 0 and 1 with 1 representing a high level of development with people enjoying good education, better health and lifestyles choices. Emalahleni has an HDI of 0.39 which is lower than that of the district which is at 0.44. The local populace does not enjoy high lifestyles and lag behind in terms of levels of literacy. It is estimated that a mere 43% of our population is functionally literate (i.e. Age 20+ who have attained a grade 7 education or higher).

Poverty is widespread, especially in the rural areas with an estimated 1939 (Global Insight) people living below the threshold of 1\$ per day. In order to avert this situation, the partnerships for poverty alleviation with other government agencies like Social Development,

SASSA and the District Municipality must be developed and strengthened to address this aspect and ensure the upliftment of the populace.

#### ACHIEVEMENTS OF 2013/2014

Key achievements during the 2013/14 financial year include the following:

In the period under review Emalahleni Local Municipality has implemented the following programmes:

- (a) **Tourism Development-** Emalahleni Local Municipality supported crafters in the following ways: Beadwork for crafters and training  
Cotton percale 240 to Trim and Packaging  
Crafter's Mentor

The provided financial support to crafters in the 2013/14 financial year is amounting to R74690. 00. The outputs of the provided training include bracelets.

Tourism remains an area of untapped potential. Areas that were identified as having the potential for tourism development are identified as:

- Aquasport linked to existing dams (Xonxa and Lubisi);
- Cultural tourism linked to Liberation And Cultural Route;
- Craft produce

- (b) **Heritage Management-** The Emalahleni Local Municipality in conjunction with the Department of Sport Arts and Culture took a decision to conduct heritage event. The monuments in honour of Qonda Hoho and Levuyo Lerumo were established in their graves. Emalahleni Local Municipality in honour of Chris Hani conducted a join activity Mayoral Cup Awards combined with Candle Lights. IPED Directorate supported the following projects in honour of Chris Hani:

- Imivuyo Agricultural Cooperative (ward 8)- Spades (2), garden forks (2), Rakes (2) and Wheelbarrows (2).
- Nkwenkwezi Poultry Project (ward 8)- Spades (2), Wheelbarrows (2) and Broom Gutter Sweepers (2) were delivered.
- Khuluphambene Co-operative (ward 9)- Spades (2), Rakes (3) and Watering Cans (3).

SMME Development-

Manyano Poultry Project (ward 3)

1. Site Clearing – R6327

2. Poultry structure with 1200 Broilers and Feed (starter, grower, and finisher) for 1 month- R196 937. 88
3. Fencing material- R23 816. 00 and labour- R2000 = R25 816. 00
4. Diesel Generator- R51 437. 50
5. Jojo Tank 5000 litres- R3299. 00 and delivery- R724. 00= R4023. 00
6. Saw Dust- R250.00

**Total = R 284 791.38**

Magxibha Poultry Project (ward 12)

1. Poultry structure with 1200 Broilers and Feed (starter, grower, and finisher) for 1 month- R196 937. 88
2. Petrol Generator- R7999. 99
3. Jojo Tank 5000 litres- R3299. 95
4. Electricity cables for connecting electricity at Magxibha Poultry Structure- R4048 and labour- R1800 = 5848

Qhunkqu Poultry Project (ward 15 and 16)- 4 Hectar piece of land have been bought for Qhunkqu Project for the purpose of Poultry production at an amount of R 546 617. 60. The land was fenced at an amount of R19396.00. A poultry structure was erected for the project with 1200 Broilers and Feed (starter, grower, and finisher) for 1 month at an amount of R196 937. 88.

Delindlala Cooperative (ward 16)- Emalahleni Local Municipality supported this project with 2000 one day old broiler chickens, 20 stress packs, 30 Cosumix plus, 20 Cevac Newcastle, 10 Broiler starter 50 kg, 10 Broiler grower 50 kg, and 32 Broiler finisher 50 kg at an amount of R85115.00.

Lithubalethu Poultry Cooperative (ward 11)- Emalahleni Local Municipality supported the project with 1000 Broilers, feed (starter, grower and finisher) and medicine as an amount of R92 000. Mzamomhle Cooperative (ward 4) has been supported with an Incubator and feed for 3 stages (starter, grower and finisher) at an amount of R24 948, 67.

30 Hawkers Stalls were erected to provide infrastructure for street traders (18 in Lady Frere (ward 4 and 5), 7 in Indwe (ward 16) and 5 in Dordrecht- ward 11) at an amount of R1 364 000-00.

Emalahleni Local Municipality facilitated the provision of training on Business Management 2 days short course (from the 18<sup>th</sup> - 19<sup>th</sup> July 2013) to 46 members of the following cooperatives by Eastern Cape Development Corporation:

- Siyasebenza (ward 16)- 5 participants
- Nceduluntu (ward 5)- 3 participants
- Ithemba Ntsebenza (ward 13)- 2 participants
- Mount Arthur Development Organisation (Ward 12)- 2 participants
- Dubeni Small irrigation (ward 7)- 2 participants
- Malwande Ukhanyiso (ward 16)- 1 participant
- Qolweni Community (ward 12)- 2 participants
- Siyavuya Community (ward 13)- 2 participants
- Hala Bakery (ward 3)- 2 participants
- Masibebanye (ward 3)- 1 participants
- Guba Hoek (16)- 4 participants
- Lonwabo (ward 12)- 3 participants
- Siyakhana Glen Grey (ward 4)- 2 participants
- Bengu (ward 2)- 4
- 9 Nkwenkwezi (ward 8)- 3 participants
- Suyazondla (ward 5)- 2 participants
- Indwe Auto Styling (16)- 1 participant
- Machubeni Trust (ward 13)- 1 participant
- Vukuzenzele (ward 1)- 1 participant
- Bathethele (ward 2)- 1 participant
- Khuluphambene (ward 9)- 2 participants

Another training facilitated in the year under review was on Business Management and Governance 2 days' short course (12- 13 August 2013) for 55 members of the following cooperatives by Chris Hani Development Centre:

Dixie Co-operative (Ward 11) - 24 participants on day 1 (12 August 2013). On day 2- 21 participants (13 August 2013). Dordrecht Brick Makers (ward 11)- 10 participants on day 1 (12- August 2013). Emalahleni Local Municipality facilitated empowerment of women in business through the provision of transport for 10 women to attend Seminar for Women in Construction in Middleburg and Cradock.

**Livestock Improvement-** Completion of dipping tanks in 2013/14 financial year is as follows:

- Manelspoort Dipping Tank (ward 7) - R84 610.00
- Xonxa Dipping Tank (ward 1) - R120 000.00
- Boqo Dipping Tank(ward 8) - R122 000.00
- Nkalweni Dipping Tank (ward 14) – R 25 000

**Livestock Marketing-** Emalahleni Local Municipality constructed a Stock Pen (Stock Auction Infrastructure) at Zwaartwater (ward 9) at an amount of R 200 000.00. Livestock Auction for Cattle only was held as follows:

- Date: 12 June 2014
- Area: Zwaartwater
- Ward: 9
- Participation: 29 Livestock owners
- Animals sold: 41
- Average price: R4 446. 00
- Total price: R 182 320. 00
- Auctioneer: Sheard

**Livestock Branding-** 1296 Livestock branded in 2013/14 financial year for the purpose of Livestock Theft Prevention.

**Crop Production** – Emalahleni Local Municipality contributed R413 598.00 for sorghum production for the year under review. 197 hectares were ploughed, disc and planted as follows:

1. Ward 3- 50 hectares
2. Ward 5- 48 hectares
3. Ward 12- 99 hectares.

That led to the yield of 1700 50 kg bags.

**Irrigation Schemes-** Irrigation equipment and fencing equipment have been purchased for Xonxa Irrigation Scheme (gumpoles, steel droppers, barbed wire, cement, galvanised staples, irrigation pipes, spray stand and sprinklers and farm gate). Irrigation equipment and infrastructure have been provided to Tshatshu Irrigation Scheme (Pump house has been erected with power generator inside, floxmax footvalve, plain perrot pipe, perrot pipe bend, perrot F/m SCR Adaptor, reducer, Weldon flange, bolts and butts, IR ring, PVC pipe, PVC 45 Elbow, PVC red bush, butterfly valve, plain elbow, Weldon flange TD, W/O elbow and Black Steel Pipe, PVC Stub plain, galvanise backing ring, rubber delivery holes, heavy duty clamp, perrot C/ flan reduce and galvanise adapter). The cost for both Xonxa and Tshatshu Irrigation Scheme is R 174 333. 35.

**Agro-processing** - Ibuyambo Secondary Cooperative has been supported financial (R463 000) for business operations such as overheads.

**Mining-** Small Scale Mining (Brick making)- A site for Dordrecht Brick Makers was established and fenced at an amount of R110 045.00.

**Wool Production-** Emalahleni Local Municipality is also doing fairly well in wool production.

In the year under review the wool production from Emalahleni earned an income of plus R500 000.00. This is a seasonal production. There are fifteen (11) Shearing sheds for wool production. This is supported by ongoing exchange of Merino bull-type of sheep.

#### KEY CHALLENGES OF THE DEPARTMENT

- Lack of financial muscle for Economic infrastructure
- Lack of clear provincial approach on Rural Development other than Agriculture.
- Limited budget to fund economic development initiatives for both capital and operating budget.
- Red Tape and cumbersome municipal processes

COMMENT ON LOCAL JOB OPPORTUNITIES:
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The unemployment rate in the Eastern Cape increased from 28.8% in third quarter 2012 to 29.8% in the fourth quarter 2012, 1.0 percentage point higher than that of the previous quarter. In fourth quarter, unemployment rate decrease in six of the nine provinces.

69 000 jobs were lost in the Eastern Cape (highest in the country). Half of these jobs were lost in the informal sector.

Most jobs in the Eastern Cape were lost in the two biggest employers (Community & Social Services sector employs 320 000 workers and lost 28 000 jobs, and Trade sector employs 284 000 workers and lost 29 000 jobs)

While the Manufacturing sector increased jobs by 11 000, followed by Private Households (7,000) and Mining sectors (1,000), all other sectors shed jobs.

Consequently, 82 000 to 125 000 people joined the discouraged work-seekers. These are people who gave up looking for jobs.

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:
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In the fourth quarter 2012 (4Q2012) report focuses on the latest economic development trends of South Africa (SA) and pays specific attention on the performance of the Eastern Cape (EC) economy. In the fourth quarter the South African economy picked up following setback suffered by labour in the mining sector in third quarter. Growth in real gross domestic product (GDP) for SA economy increased from annualised rate of 1.2% quarter on quarter to 2.1% in 4Q2012. In the Eastern Cape, the economy increased to 2.5% in the fourth quarter of 2012 from 1.7% attained in the third quarter of 2012. The South African GDP modest acceleration reflected an increase in production in both secondary and tertiary sector.

South Africa's growth for 2012 has narrowed to 2.5% from 3.5% in 2011. The growth has declined by 1.0 percentage points from previous year.

The sector with the strongest growth rate is the agriculture sector (10%) and it is the second smallest sector in the South African economy. The growth of this sector is highly cyclical.

The second best performing sector is manufacturing sector with the growth of 5.0% in the same period. This sector still faces weak demand for a lot of its output both at home and abroad, therefore, no clear signs of whether this quarter's growth in the New Year can be sustained. Finance sector is the third best performing sector for this quarter with a growth of 2.9% and it is the sector with the largest contribution towards growth in South Africa. In term of employment contribution, the Eastern Cape's contribution has increased by 1.5 percentage points from the previous quarter.

Labour absorption rate dropped by 1.7% and the labour force participation rate by 1.8% This is an indication that the province's ability to absorb new people entering the labour market is gradually declining.

Therefore the Economic performance in the Eastern Cape for the fourth improved even though the growth experienced in the fourth quarter did not translate to employment. There are positive prospects of economic growth in the coming 2013/14.

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Department of Community Services is comprised of the following Divisions, namely Health Services, Mainstreaming HIV and AIDS, Disaster and Environmental Health, Library, Management Services, Community Halls, Sports Fields, Cemeteries, Parks and Public Open Spaces, Street Cleaning and Refuse Removal and Refuse / Landfill Sites.

These services are for all ELM communities

*T 3.52*

### 3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

### INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

The municipality has three functional Libraries in Dordrecht, Indwe and Mhlanga (Rietspruit). In as much as it is appreciated that some of the community needs such as libraries; schools; water; do not fall within the Emalahleni's jurisdiction in terms of its powers and functions, Emalahleni municipality have a duty to elevate such to relevant authorities and ensure that IGR is strengthened.

There are two parks in the jurisdiction of ELM in Indwe and Lady Frere. There are sports fields in all three towns on ELM (Indwe, Lady and Dordrecht). There are seventeen community Halls in wards 1,2,4,6,7,8,9,11,12,13,15,16 at Emalahleni Municipality. The municipality has three functional Libraries in Dordrecht, Indwe and Mhlanga (Rietspruit).

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES;  
COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Progress in respect of libraries was well achieved and aside from the original 3 functional libraries, additional libraries were planned to be built in Wards 4 and 2. This target was over-achieved in that a modular library was constructed in Ward 2, the library in Ward 4 has been planned and an additional library has been identified and planned for Ward 10 (modular).

### **Libraries (managed on an agency basis)**

Libraries were established in order to provide reading and study material to the youth and the community. Currently 3 libraries are operational and required to be managed effectively. These are to be found in Dordrecht, Indwe and Rietspruit. Management of these facilities occurs on behalf of the Department of Sport, Arts and Culture.

Libraries require librarians to conduct the following activities:

- Purchasing of library materials
- Sourcing of books from the book fare;
- Promoting libraries within rural areas;
- Library infrastructure provision; and
- Promotion and participation in the library works activities.

Currently 2 qualified librarians and 2 library assistants are running these libraries. A new library has also been established in Rietspruit. In an effort to reach the community in more rural areas a mobile library has been installed in Ward 2 (Bengu). DSRAC has been approached and has approved the establishment of a library in Lady Frere.

Additional libraries have been constructed in Ward 4 and 2 and the site for an additional modular library in Ward 10 has been located.

Improvements in functioning are required and as a first port of call efforts are to be made to facilitate the effective functioning of the Library Committee and encouraging Committee members to meet quarterly as scheduled.

### **Community Halls and Recreational Facilities**

During this financial year our area of priority was the revival of parks in generally included public halls, parks and sports facilities. Dordrecht, Indwe and the development of a park in Lady Frere.

Due to inadequate funding, these projects have moved to 2013/2014.

Tourism remains an area of untapped potential. Areas that were identified as having the potential for tourism development is Dordrecht Museum. This is a heritage resource of the municipality as it is one of the oldest museums in SA.

<b>Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP</b>									
<b>Service Objective s</b>	<b>Outlin e Service Target s</b>	<b>2011/2012</b>		<b>2012/2013</b>			<b>2013/2014</b>	<b>2015/2016</b>	
		<b>Target</b>	<b>Actual</b>	<b>Target</b>		<b>Actual</b>	<b>Target</b>		
<b>Service Indicators (i)</b>	<b>(ii)</b>	<b>*Previous Year (iii)</b>	<b>(iv)</b>	<b>*Previous Year (v)</b>	<b>*Current Year (vi)</b>	<b>(vii)</b>	<b>*Current Year (viii)</b>	<b>*Current Year (ix)</b>	<b>*Following Year (x)</b>
<b>Service Objective: To provide adequate amenities to all ELM communities</b>									
To provide adequate amenities to all ELM communities	Development and Upgrading of Community Halls								
	Number of Halls Upgraded	0	0	0	0	0	1	7	Not available
	Number of Halls Constructed	0	0	0	0	0	0	Not available	Not available

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

Community halls play an important socio-cultural role within communities and it is important to maintain and extend this municipal service. The R4 million provided for the 2012/2013 financial year was utilized at 10 community halls and all the funding was spent.

T 3.12.7

### 3.13 CEMETORIES AND CREMATORIUMS

The overall objectives of this section are to provide for and to control burials within the prescriptions of the Health Act. Within Lady Frere and Dordrecht land has been provided and is utilized to provide functioning cemeteries on a sustainable basis.

Emalahleni Municipality graves are numbered and registered to the community as needed. New sites have been identified and an Environmental Impact Study was completed for Dordrecht in order to ascertain existing sites and where possible to procure additional sites and land. Notwithstanding it must be noted that these processes are to a large extent out of the control of Emalahleni, who rely on the Department of Land Affairs. Land was not acquired for Indwe due to a dispute over the land offer (handled by the Department of Land Affairs).

During 2010/2011 a Land Survey was conducted and land was identified and pegged in Lady Frere and Indwe. While this represented an aspect of progress, further progress in respect of the fencing of identified land/wards could not be completed as required. This was to a large extent beyond the control of the Community Services Manager and could in fact only be completed after the pegging of the land (land survey). Additionally challenges were experienced with the required funding for these projects. This matter is still being pursued by Emalahleni Municipality through Land Affairs.

During 2013/2014 efforts continued to implement a cemetery maintenance programme and in this regard general maintenance was achieved (including grass cutting and cleaning of cemeteries). Funding constraints prevented the target of fencing cemeteries according to the maintenance plan from being achieved. Despite these improvements it must be noted that funding constraints remained a challenge and perhaps the greatest challenge was the lack of available land for new cemeteries.

## General Objectives:

- Development of Pauper Burial Policy;
- Adoption by Council of additional sites for cemeteries in all towns;
- Acquisition of land from the Department of Land Affairs;
- Development of by-laws for Council resolutions;
- Promulgation of by-laws in the local papers and local radio stations; and
- Ensuring adequate infrastructure provision.

The greatest challenge remains funding and obtaining and developing appropriate sites while ensuring staff capacitation at all levels and within all areas to ensure that staff function optimally.

<b>SERVICE STATISTICS FOR CEMETORIES &amp; CREMATORIALS</b>
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Burial and Crematorium Statistics (July 2012 to June 2013) –

Emalahleni Local Municipality has no cremation facility.

<b>COMMENT ON THE PERFORMANCE OF CEMETORIES AND CREMATORIALS OVERALL:</b>
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- Unfortunately not all cemeteries are adequately fenced and this cannot always be remedied due to financial constraints.
- Obtaining new land for cemeteries has become a cause for concern due to the shortages of obtaining suitable land.
- Overall it must be acknowledged that while there have been huge achievements in respect of service provision there are also current challenges that are required to be addressed in order to facilitate improvements in service delivery every day and in every sphere.

### Cemeteries Projects

Project Description	Project Outputs	Ward	Dept	GFS	Five Year Financial Plan
Cemeteries & Crematoriums	Operation and Maintenance	ELM	Comm. Serv	OPEX	340

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### 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES
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ELM has adopted a cross-cutting approach to ensure that the vulnerable groups across the municipality are included in the developmental agenda of the locality. To this end, a number of projects and programmes were implemented during the year under review.

#### **Mainstreaming of HIV and Aids**

While this function is localized within the Community Services Department it links to special projects. In an effort to mainstream HIV/Aids, interdepartmental forums (IDF's) have been established and with strategic planning, work-shopping and the development of plans to incorporate this mainstreaming into each and every department, progress has been made. Unfortunately no formal budget exists for any mainstreaming activities and efforts are to be made to source funding from other and various sources. Notwithstanding the use of initiative by the CSSM has facilitated many of the achievements thus far.

Generally it is noted that efforts to mainstream HIV/Aids are all directed in-house at the exclusion of the community. A lack of budget and capacity impedes further progress.

All HIV and Aids days have been well managed and Peer Education workshops have been undertaken as required.

**Note:** During the next financial year it is the intention to hold a "Male Indaba" in an effort to obtain required input into all SPU projects. This is to be commended at a strategic level.

## Department of Social Development

### COMMUNITY DEVELOPMENT (Based on 2013/14 IDP)

#### 1. YOUTH DEVELOPMENT

NO.	PROJECT NAME	PROJECT CATEGORY	YEAR FUNDED	PROJECT ACTIVITY	WARD	LOCATION	NUMBER OF BENEFICIARIES	BUDGET	1 <sup>st</sup> TRANCHE	PROGRESS
1	Ukhanyiso Development Project	Youth Development	2013 / 14	Fitness and Recreation	05	Lady Frere Town	07	R 600. 000	R 300.000	Project Site obtained, 36 X 36 Fenced, Awaiting design for erection of structure.

#### 2. WOMEN DEVELOPMENT

NO.	PROJECT NAME	PROJECT CATEGORY	YEAR FUNDED	PROJECT ACTIVITY	WARD	VILLAGE	NUMBER OF BENEFICIARIES	BUDGET	1 <sup>st</sup> TRANCHE	PROGRESS
2	Inkwenkwezi Project	Women Development	2013 / 14	Poultry Production	08	Vaalbank	10	R 341, 600	R 170, 800	Erection of Poultry Structure, Broilers and Feed, Project Stationery Purchased, Monthly Stipend of R800. 00 for



										nine project members.
<b>3. SUSTAINABLE LIVELIHOOD ( FOOD SECURITY)</b>										
NO.	PROJECT NAME	PROJECT CATEGORY	YEAR FUNDED	PROJECT ACTIVITY	WARD	VILLAGE	NUMBER OF BENEFICIARIES	BUDGET	1 <sup>st</sup> TRANCHE	PROGRESS
3	Siyakhana eGlen Grey	Sustainable livelihood	2013 / 14	Crop and vegetable Production	04	Cacadu	07	R 426, 700	R 213, 350	Irrigation Installed in 4 hactors, vegetable planted, 7 Project members receive stipend of R 800.00. Income generated R5,000.00.
4	Masilime Women's Project	Sustainable livelihood	2013 / 14	Crop and vegetable Production	02	Sikwanqeni	02	R 490, 200.	R 490, 200.	Upgrading Irrigation Scheme, Water tanks purchased and Tractor Repairs. Twelve project members receive R800.00 stipend per month.
<b>SOCIAL WELFARE SERVICES</b>										
NO.	PROJECT NAME	SUB-PROGRAMME	YEAR FUNDED	PROJECT ACTIVITY	WARD	VILLAGE	NO.OF BENEFICIARIES	NO. OF CAREGIVERS	BUDGET	1 <sup>st</sup> TRANCHE
1	Tada Project	Substance abuse	2013/14	Render Preventative programmes	All	All	Youth	06	R122 000	Once off

2	Masonwabe	Older Persons	2013/14	Care and support.	9	Vaalbank	60	05	R200 per older person per month	Monthly	
3	Masonwabe	Older Persons	2013/14	Care and support.	3	Hala	60	04	R200/ person/ month	Monthly	
4	Thembaletu	Older Persons	2013/14	Care and support.	4	Cacadu	50	05	R200/ person/ month	Monthly	
5	Noncedo	Older Persons	2013/14	Care and support.	01	Kundulu	50	08	R200/ person/ month	Monthly	
6	<b>Sosebenza Service Centre</b>	Older Persons	2013/14	Care and support.	16	Indwe	110	07	R200/ person/ month	<b>Monthly</b>	
7	<b>Masakhe Intergenerational Programme</b>	Older Persons	2013/14	Care and support.	17	Kuntsinga	96	08	R200/ person/ month	<b>Monthly</b>	
8	Hlalanathi	Older Persons	2013/14	Care and support.	05	Cumakala	93	04	R200/ person/ month	<b>Monthly</b>	
9	<b>Soyi S. C.</b>	Older Persons	2013/14	Care and support.	10	Tsembeyi	50	05	R200/ person/ month	<b>Monthly</b>	
10	<b>Luxolo S.C.</b>	Older Persons	2013/14	Care and support.	10	Tsembeyi	50	05	R200/ person/ month	<b>Monthly</b>	
11	Khuseleka Support Centre	<b>Victim Empowerment</b>	2013/14	Prevention, care and support	06	Mckysneck	Victims of crime	06	R350 000	R175 000	

12	Lavelilanga Gender Empowerment Project	Victim Empowerment	2013/14	Prevention, care and support	16	Indwe	Victims of crime	05	R250 000	R125 000	
13	Ndonga H.C.B.C	HIV/AIDS	2013/14	Prevention, care and support	03	Ndonga	Community	18	Conditional grant		
14	Sakhingomso H.C.B.C	HIV/AIDS	2013/14	Prevention, care and support	16	Indwe	Community	10	Stipend + Administration	R144 000.00 +R5000	
15	Masibambane H.C.B.C	HIV/AIDS	2013/14	Prevention, care and support	05	Lady Frere	Community	10	Stipend + Administration	R144 000.00 +R5000	
16	Umthombo Wempilo H.C.B.C	HIV/AIDS	2013/14	Prevention, care and support	13	Machubeni	Community	10	Stipend + Administration	R144 000.00 +R5000	
17	Indwe Family Resource Centre	Services to Families	2013/14	Prevention, care and support	16	Indwe	Families at risk	06	R125 000	Once off	
18	Emadlweni (Community based and rehabilitation)	Services to people with disability	2013/14	Prevention, care and support	16	Indwe	15	13	R17. 00 per child per day	Monthly	
19	Siyathemba Special Day Care Centre	Services to people with disability	2013/14	Prevention, care and support	14	Indwe	30	04	R17,00 per child per day	Monthly	

20	Boomplaas	Child Care & Protection	2013/14	Prevention, care and support	13	Machubeni	45	02	R15 per child per day.	Monthly	
21	Buffalo Thorns	Child Care & Protection	2013/14	Prevention care and support	9	Vaalbank	20	02	R15/child / day.	Monthly	
22	Buyani	Child Care & Protection	2013/14	Prevention care and support	16	Indwe	47	02	R15 /child/ day.	Monthly	
23	Emzi	Child Care & Protection	2013/14	Prevention	6	Mckysnek	42	02	R15/child /day.	Monthly	
24	Gadlume	Child Care & Protection	2013/14	Prevention care and support	13	Gadlume	40	02	R15 per child per day.	Monthly	
25	Gqebenya	Child Care & Protection	2013/14	Prevention care and support	6	Gqebenya	48	02	R15 /child/ day.	Monthly	
26	Ikhwezi	Child Care & Protection	2013/14	Prevention care and support	13	Nkenkulu	39	02	R15 /child/ day.	Monthly	
27	Isiseko (Bengu)	Child Care & Protection	2013/14	Prevention care and support	2	Qutubeni	61	02	R15 /child/ day.	Monthly	
28	Jekeni Nomzamo	Child Care & Protection	2013/14	Prevention care and support	8	Jekeni	30	02	R15 /child/ day.	Monthly	
29	Khanya	Child Care & Protection	2013/14	Prevention care and support	8	Mgqukhwebe	25	02	R15 /child/ day.	Monthly	

30	Khanyisa	Child Care & Protection	2013/14	Prevention care and support	5	Dopu	30	02	R15 /child/ day.	Monthly	
31	Khulile		2013/14	Prevention care and support	2	Ntsinga	38	02	R15 /child/ day.	Monthly	
32	Kuyasa	Child Care & Protection	2013/14	Prevention care and support	2	Lanti	35	02	R15 /child/ day.	Monthly	
33	Lady Frere	Child Care & Protection	2013/14	Prevention care and support	4	Lady Frere	59	02	R15 /child/ day.	Monthly	
34	Lanti Bush	Child Care & Protection	2013/14	Prevention care and support	2	Lanti	22	02	R15 /child/ day.	Monthly	
35	Lanti Poort	Child Care & Protection	2013/14	Prevention care and support	2	Lanti	20	02	R15 /child/ day.	Monthly	
36	Ltle Fire	Child Care & Protection	2013/14	Prevention care and support	12	Ngqanda	38	02	R15 /child/ day.	Monthly	
37	Makukhanye	Child Care & Protection	2013/14	Prevention care and support	3	Trust	36	02	R15 /child/ day.	Monthly	
38	Masakhane	Child Care & Protection	2013/14	Prevention care and support	16	Guba Hoek	43	02	R15 /child/ day.	Monthly	
39	Masithembe	Child Care & Protection	2013/14	Prevention care and support	3	Greyspan	38	02	R15 /child/ day.	Monthly	

40	Matyantya	Child Care & Protection	2013/14	Prevention care and support	6	Matyantya	44	02	R15 /child/ day.	Monthly	
41	Mikhaya	Child Care & Protection	2013/14	Prevention care and support	1	Xonxa	40	02	R15 /child/ day.	Monthly	
42	Mount Arthur	Child Care & Protection	2013/14	Prevention care and support	12	Mount Arthur	38	02	R15 /child/ day.	Monthly	
43	Mzamomhle (Bozwana)	Child Care & Protection	2013/14	Prevention care and support	7	Bozwana	45	02	R15 /child/ day.	Monthly	
44	Mzamomhle (Maqhubela)	Child Care & Protection	2013/14	Prevention care and support	3	Maqhubela	45	02	R15 /child/ day.	Monthly	
45	Mzamomhle (Xonxa)	Child Care & Protection	2013/14	Prevention care and support	1	Xonxa	45	02	R15 /child/ day.	Monthly	
46	Nalisango	Child Care & Protection	2013/14	Prevention care and support	13	Helushe	46	02	R15 /child/ day.	Monthly	
47	Ngqanda	Child Care & Protection	2013/14	Prevention care and support	12	Ngqanda	30	02	R15 /child/ day.	Monthly	
48	Njongozethu	Child Care & Protection	2013/14	Prevention care and support	2	Lanti	40	02	R15 /child/ day.	Monthly	
49	Nokulunga	Child Care & Protection	2013/14	Prevention care and support	3	Hala No. 1	30	02	R15 /child/ day.	Monthly	

50	Nolukhanyo	Child Care & Protection	2013/14	Prevention care and support	16	Gxojeni	40	02	R15 /child/ day.	Monthly	
51	Noluvuyo	Child Care and Protection	2013/14	Prevention care and support	8	Bengu	20	01	R15 /child/ day.	Monthly	
52	Nonkuthazo	Child Care and Protection	2013/14	Prevention care and support	12	Luxeni	35	02	R15 /child/ day.	Monthly	
53	Nompumelelo (Ebholeni)	Child Care and Protection	2013/14	Prevention care and support	7	Dubeni	44	02	R15 /child/ day.	Monthly	
54	Nompumelelo (Glen adelaide)	Child Care and Protection	2013/14	Prevention care and support	5	Glen Adelaide	20	02	R15 /child/ day.	Monthly	
55	Nompumelelo (Guba Hoek)	Child Care and Protection	2013/14	Prevention care and support	16	Guba Hoek	40	02	R15 /child/ day.	Monthly	
56	Nomveliso	Child Care and Protection	2013/14	Prevention care and support	14	Kalkfontein	40	02	R15 /child/ day.	Monthly	
57	Nomzamo (trust)	Child Care and Protection	2013/14	Prevention care and support	13	Macubeni	60	02	R15 /child/ day.	Monthly	
58	Nomzamo (qoqodala)	Child Care and Protection	2013/14	Prevention care and support	7	Qoqodala	32	02	R15 /child/ day.	Monthly	

59	Noncedo (Ngqoko)	Child Care and Protection	2013/14	Prevention care and support	4	Ngqoko	20	02	R15 /child/ day.	Monthly	
60	Noncedo (Guba Hoek)	Child Care and Protection	2013/14	Prevention care and support	16	Guba Hoek	36	02	R15 /child/ day.	Monthly	
61	Nobantu	Child Care & Protection	2013/14	Prevention care and support	2	Lanti	38	02	R15 /child/ day.	Monthly	
62	Phakamani (Greyspan)	Child Care & Protection	2013/14	Prevention care and support	3	Greyspan	33	02	R15 /child/ day.	Monthly	
63	Phakamani (Mckysnek)	Child Care & Protection	2013/14	Prevention care and support	6	Mckysnek	33	02	R15 /child/ day.	Monthly	
64	Qoboshane	Child Care & Protection	2013/14	Prevention care and support	13	Qoboshane	42	02	R15 /child/ day.	Monthly	
65	Qumbu	Child Care & Protection	2013/14	Prevention care and support	9	Zwaartwater	45	02	R15 /child/ day.	Monthly	
66	St. Catherines	Child Care & Protection	2013/14	Prevention care and support	16	Indwe	62	02	R15 /child/ day.	Monthly	
67	St. Cyprians	Child Care & Protection	2013/14	Prevention care and support	13	Macubeni	35	02	R15 /child/ day.	Monthly	
68	Sifunulwazi	Child Care & Protection	2013/14	Prevention care and support	9	Zwaartwater	40	02	R15 /child/ day.	Monthly	



69	Sinethemba	Child Care & Protection	2013/14	Prevention care and support	3	Ntlalontle	40	02	R15 /child/ day.	Monthly	
70	Siyabulela		2013/14	Prevention care and support	9	Upper Vaalbank	40	02	R15 /child/ day.	Monthly	
71	Siyakonwaba	Child Care & Protection	2013/14	Prevention care and support	9	Vaalbank	20	01	R15 /child/ day.	Monthly	
72	Sivumile	Child Care & Protection	2013/14	Prevention care and support	3	Maqhubela	60	02	R15 /child/ day.	Monthly	
73	Sivuyisiwe	Child Care & Protection	2013/14	Prevention care and support	9	Zwaartwater	31	02	R15 /child/ day.	Monthly	
74	Sizamele	Child Care & Protection	2013/14	Prevention care and support	13	Emthini	40	02	R15 /child/ day.	Monthly	
75	Small Farm	Child Care & Protection	2013/14	Prevention care and support	6	Gqebenya	22	02	R15 /child/ day.	Monthly	
76	Tafeni	Child Care & Protection	2013/14	Prevention care and support	2	Bengu	40	02	R15 /child/ day.	Monthly	
77	Thaleni	Child Care & Protection	2013/14	Prevention care and support	16	Thaleni	45	02	R15 /child/ day.	Monthly	
78	Thembelihle	Child Care & Protection	2013/14	Prevention care and support	13	Upper Gxojeni	29	02	R15 /child/ day.	Monthly	

79	Vukani (Ntlalontle)	Child Care & Protection	2013/14	Prevention care and support	3	Ntlalontle	30	02	R15 /child/ day.	Monthly	
80	Vukani (Upper Mgwala)	Child Care & Protection	2013/14	Prevention care and support	14	Upper Mgwala	30	02	R15 /child/ day.	Monthly	
81	Vulindlela	Child Care & Protection	2013/14	Prevention care and support	6	Mckysnek	44	02	R15 /child/ day.	Monthly	
82	Vuyani	Child Care & Protection	2013/14	Prevention care and support	13	Mbolombeni	35	02	R15 /child/ day.	Monthly	
83	Nompumelelo (Tsembeyi)	Child Care & Protection	2013/14	Prevention care and support	10	Tsembeyi	27	02	R15 /child/ day.	Monthly	
84	Nontsikelelo	Child Care & Protection	2013/14	Prevention care and support	7	Dubeni	32	02	R15 /child/ day.	Monthly	
85	Yimpucuko	Child Care & Protection	2013/14	Prevention care and support	14	Dordrecht	44	02	R15 /child/ day.	Monthly	
86	Zamokuhle	Child Care & Protection	2013/14	Prevention care and support	7	Bowden	20	02	R15 /child/ day.	Monthly	
87	Zanoxolo	Child Care & Protection	2013/14	Prevention care and support	10	Mateyise	25	02	R15 /child/ day.	Monthly	
88	Zikhulise	Child Care & Protection	2013/14	Prevention care and support	7	Qoqodala	35	02	R15 /child/ day.	Monthly	

89	Zolani	Child Care & Protection	2013/14	Prevention care and support	8	Ngonyama	61	02	R15 /child/ day.	Monthly	
90	Zubasdale	Child Care & Protection	2013/14	Prevention care and support	3	Hala	60	02	R15 /child/ day.	Monthly	
91	Nonkunzi	Child Care & Protection	2013/14	Prevention care and support	4	Cacadu	43	02	R15 /child/ day.	Monthly	
92	ACVV	Child Care & Protection	2013/14	Prevention care and support	14	Dordrecht	Community	02	R119 500.00	Monthly	
93	Nerinahof Old Age Home	Older Persons	2013/14	Care and support	14	Dordrecht	50	12	R1700.00 per older person	Monthly	

CHILD CARE; AGED CARE; SOCIAL PROGRAMMES Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2011/2012		2012/2013					
		Target	Actual	Target	Actual		Target		
		2010/11	2011/2012	From 2011/2012	2012-2013		2013/14	2014/15	2015/16
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective - Enhance development and Improve Institutional Capacity through International Partnerships									
Partnerships established to support programmes	No of Partnerships established				0				
	Existing Programmes as follows - Good Governance housing, Sludge management, Youth at Risk, Keys for Kids, Upgrading of Clinic, Safe Park, Lighting project, Hydroponics,				0 (how many new programmes)	0 new projects achieved			

*T 3.14.3*

## COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

These programmes are catered for within the budget & operations of all other departments

T 3.14.7

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

The aesthetical appearance of every city is based on the landscaping of public open spaces through greening and beautification initiatives. In addition, the long term sustainability of a municipality or a town or locality is largely dependent on a healthy eco-system, within which waste and pollution are minimised and carefully managed.

### 3.15 POLLUTION CONTROL

#### INTRODUCTION TO POLLUTION CONTROL

The promulgation of the National Environmental Management Air Quality Act, 2005, (AQA) redefined the role which ELM is required to play in terms of Air Quality. In terms of the AQA and related National legislation and policy, government administrations are required to:

- Develop an Air Quality Management Plan (AQMP) for incorporation into their Integrated Development Plan.
- Assess and identify priority pollutants, sources and areas.
- Monitor ambient air quality.
- Monitor emissions from sources and areas by the development and maintenance of an emissions inventory.
- Establish local emission standards and to improve air quality in the area.
- Appoint an Air Quality Officer.
- Provide for an Air Emission Licensing function.



During the period under review none of the pollutants monitored exceeded the National Ambient Air Quality Standards.

### 3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

#### INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Climate change has been identified as one of the threats to development and sustainability of our villages, towns, cities and the existence of humanity. This requires that each national, provincial and local sphere of government considers its vulnerability. Emalahleni Local Municipality is not immune to this threat. A Climate Change Strategy needs to be developed in order to better understand the implications of this phenomenon on the municipality.

The South African Constitution (Section 24) and the National Environmental Management Act, 1998 (Act No. 107 of 1998) clearly articulate the right of every South African citizen to a healthy environment. Based upon these pieces of legislation, and in response to the challenge of Local Agenda 21, ELM has embarked upon a process of developing an Integrated Environmental Management Plan to address this challenge.

Furthermore, in order to promote a healthy lifestyle, ELM undertakes the establishment of play parks within all regions of ELM. The priority in this regard is to provide recreational facilities and promote tree planting. During the financial year under review, sites were levelled in preparation of development, play park equipment and furniture was installed and trees were planted on the newly established sites.

#### **Parks and Recreation**

The overall objective of this function is to provide parks and open spaces thereby creating a pleasant environment for the communities, contributing towards global greening and to maintain sidewalks and pavements. Due to budget constraints, two parks were not fully functional as planned.

Notwithstanding, a schedule and programme for maintenance has been well achieved and reporting on progress and expenditure has occurred in the manner required. Grass cutting does occur monthly.

The greatest challenge relates to the need to fence and maintain parks and open spaces. A project on fencing could not occur and was beyond the control of the Community Services Manager who was unable to make progress due to the lack of financial resources and a budget. Attempts to source additional funding remain an ongoing challenge.

Three sporting facilities exist which provide a service for 102 000 users. Notwithstanding, a schedule and programme for maintenance has been well achieved and reporting on progress and expenditure has occurred in the manner required. Grass cutting does occur monthly.

The greatest challenge relates to the need to fence and maintain parks and open spaces. A project on fencing could not occur and was beyond the control of the Community Services Manager who was unable to make progress due to the lack of financial resources and a budget. Attempts to source additional funding remain an ongoing challenge.

Capital Expenditure 2012/2013: Bio-Diversity; Landscape and Other					
					R' 000
Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>9 100</b>	<b>14 999</b>	<b>7 934</b>	<b>-15%</b>	
XXX	–			0%	0
XXX	–			0%	0
XXX	–			0%	0
XXX	–			0%	0
XXX	–			0%	0
XXX	–			0%	0
XXX	–			0%	0
.					<i>T 3.16.6</i>



### COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

Environmental management is critical in attempting to remove and reduce the threat of alien species. The project to remove alien species has begun and the required progress reporting has occurred.

Delays are experienced in resolving the issues relating to landfill sites. These are not licensed and the EIA has not been approved. Non-compliance with the Environmental Management Act has resulted. While these are due to limited financial resources and human capacity it is also required that these are reported on and analyzed in terms of baseline data (in order to determine backlogs and infrastructure costs. Progress with the establishment of landfill sites and the transfer station is in progress but dependent on the service provider.

## COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

### INTRODUCTION TO HEALTH

*Note: Recent legislation includes the National Health Act 2004.*

The Health Department of Emalahleni Local Municipality formerly comprised three units, namely: Primary Health Care (Clinics); Health Support; and Environmental Health (Municipal Health Services).

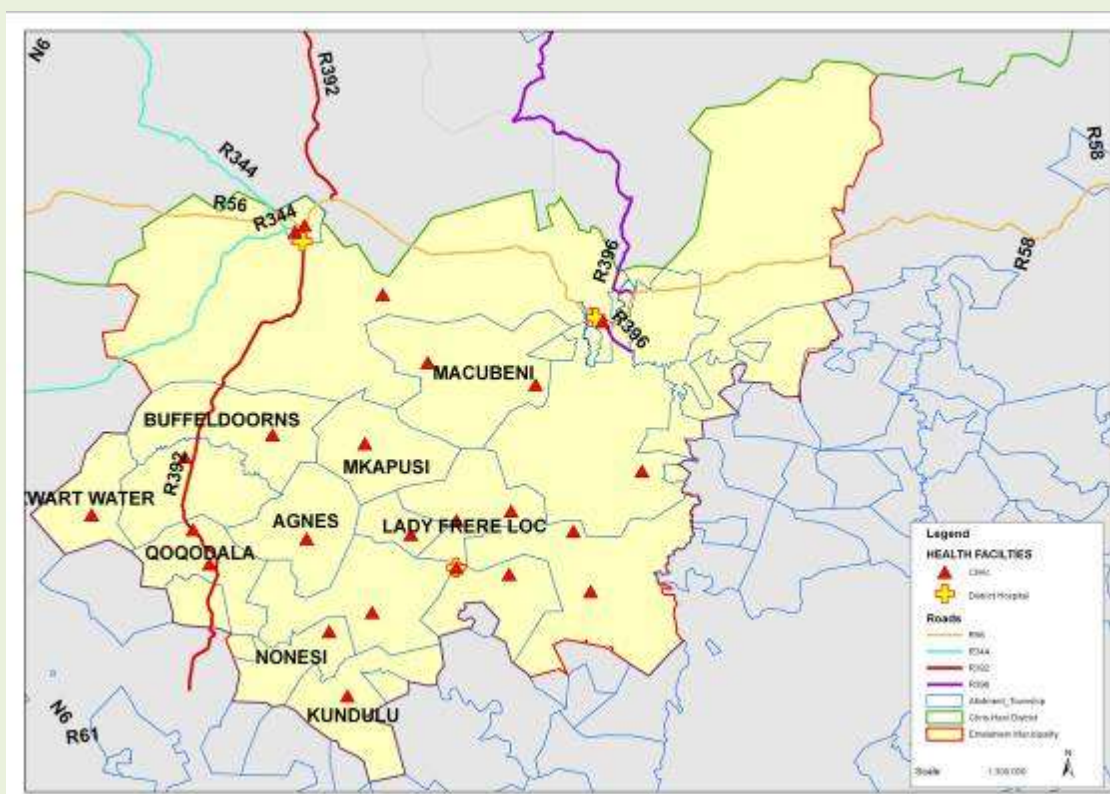
#### 3.17 CLINICS

### INTRODUCTION TO CLINICS

#### Health Facilities

There are currently 35 medical and primary health care facilities in the Emalahleni Municipality.

The following figure shows the distribution of health facilities across the municipal area.



### Department of Health

Project Description	Project Output	Ward	Area	Dept	Financial Year Budget Cycle 2012/13
Vaal Bank Clinic	Clinic is built	8	Vaal Bank	DOH	R650 000

### 3.18 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

#### INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Environmental Health Services (EHS) is the responsibility of Chris Hani District Municipality and the Eastern Cape Department of Health.

T 3.19.1

### SERVICE STATISTICS FOR HEALTH INSPECTION

In this financial year, the area of focus by the Environmental Health Services (EHS) was food control, which includes the inspection, monitoring and enforcement of food legislation in the formal and informal sectors, ensuring optimal hygiene control. Food safety control is also ensured by sampling programmes and enforcing compliance with labelling and ingredient standards. Activities related to the safe handling of meat and meat products is restricted, thus ensuring that butcheries obtain meat from an approved source (abattoir). It should be noted that no meat inspections and examinations of abattoirs were conducted during the period under review.

### COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS

There are two (2) operational priority projects, namely the development and implementation of the Municipal Health Services Plan and the implementation of the Air Quality Service Plan.

## COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

### INTRODUCTION TO SECURITY AND SAFETY

Safety and Security in Emalahleni Local Municipality operates as the Department of Public Safety and consists of:

- Law Enforcement
- Traffic Services
- Fire and Rescue Services
- Disaster Management

T 3.20

### 3.20 POLICE

This section is divided into Traffic Services and Law Enforcement.

## INTRODUCTION TO TRAFFIC SERVICES

### **Traffic Safety and Security**

As of 2010/2011 efforts to establish a policing forum have not yet been achieved and the project has not progressed well. This is to a large extent beyond the control of the Community Services Manager and appropriate correspondence has been entered into which details the progress.

Efforts to lobby the SAPS to introduce mobile police stations in priority crime spots are underway. While this is formally in progress, it is noted that additional action will be required to facilitate the provision of mobile sites.

### COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES OVERALL:

The following outlines the overall performance of Traffic Services during the period under review, providing a picture of key improvements during the period under review:

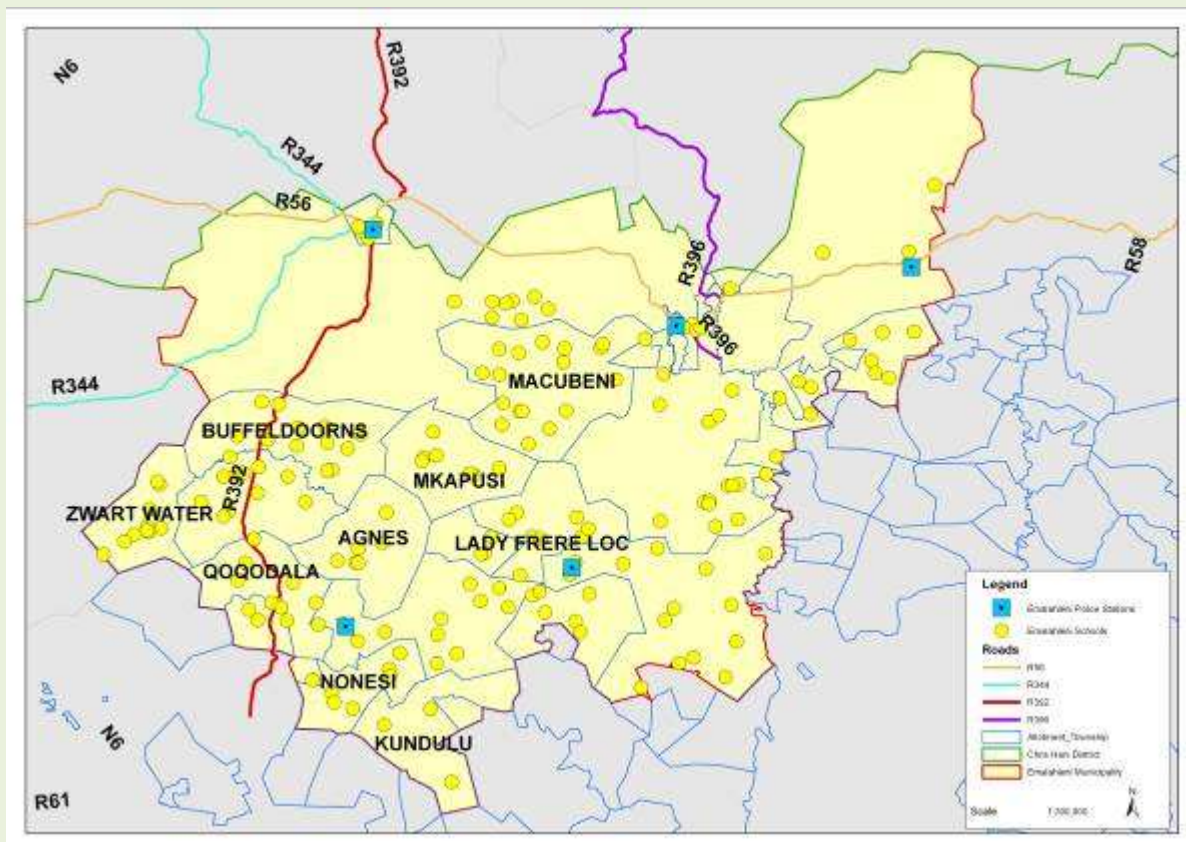
- Number of traffic notices paid has increased.
- Traffic notices issued and also increased significantly (compared to the previous period.
- The number of roadblocks increased
- An increase in the number of learners license applications and an increase in the issuing of learners licences
- The value and number of Traffic Vehicles purchased is not available.

*T 3.20.7*

## INTRODUCTION TO LAW ENFORCEMENT SERVICES

There are five police stations and a one prison located in the municipal areas.  
The following figure shows the distribution of health facilities across the municipal area.

Police and Schools



The Law Enforcement Department currently performs the following functions:

- Traffic law enforcement
- Enforcement in respect of all offences
- Attending to complaints from the public
- Processing of applications in respect of the Gatherings Act
- Law enforcement operations in conjunction with the SAPS
- Visible patrols and crowd control at special events
- Safety of municipal installations and plant as and when required
- Monitoring of informal street trading

Crime remains a critical issue within ELM, with a negative impact on both the quality of life of residents and on economic growth. Traffic Enforcement officials, together with SAPS, are undertaking numerous strategies & collaborative efforts in which to combat crime. Incidences of crime are measured on a daily basis and SAPS officials generally respond promptly to these calls. The bulk of the crime incidences recorded in ELM, especially in the Central Business District are theft, robbery, smash and grab, snatch and run, drunk and disorderly behaviour and resultant crimes, and illegal street trading.

Note – it is difficult to estimate the number of offences which will take place, as this unit has little influence on this.

#### COMMENT ON THE PERFORMANCE OF LAW ENFORCEMENT SERVICES:

Emalahleni Local Municipality is committed to enforcing the law against those committing crimes and by-law offences, and is currently in the process of finalizing the Crime Prevention Strategy. The Crime Prevention Strategy will set out the objectives, strategies and priorities of crime prevention.

Traffic Enforcement officials, together with SAPS have undertaken and effectively executed the following for the financial year under review:

- The number of offenders arrested / apprehended for crimes such as theft, robbery, assault, shoplifting etc.
- The number of liquor outlets inspected has increased.
- Actions undertaken against illegal electricity connections.
- DIC (Drunk in charge) arrests / apprehensions have increased.

The municipality is also embarking on a process of reviewing existing municipal by-laws, policies and standard operating procedures to ensure that these are relevant to the changing environment.

Creating a safer and more secure environment for ELM's residents, visitors and businesses is a key priority and a significant challenge for the municipality.

T3.20.7

### 3.21 FIRE

#### INTRODUCTION TO FIRE SERVICES

##### Fire Fighting

This has been exceptionally well achieved and efforts have been made to lobby for funding from Chris Hani District Municipality in order to establish a firefighting centre in Lady Frere and for the related equipment. This has to a large extent been achieved, although progress will continue to be required to be achieved within this area moving forward. As a district municipal function Chris Hani District Municipality has appointed a task team to assist with the process of establishing and equipping this Centre.



COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

ELM needs to start a planning phase for a new Fire Station in the rural areas. This will include budgeting for land acquisition, building construction and budgeting for new equipment. Having a new fire station will help improve the speed and efficiency of responses during fire call-outs.

An additional Urban Rescue Vehicle for emergency purposes needs to be acquired. This can be done on the Insurance Vehicle Replacement vote.

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Emalahleni Local Municipality through the Assistance of Aerocon is currently developing a Disaster Management Plan inclusive of Disaster Risk Assessment. In the period under reporting the municipality utilised the services of Chris Hani District Municipality Centre which is fully operational since they are the mandated authority on matter of Disaster. It has been constituted with the objective to promote an integrated and coordinated system of disaster management, with special emphasis on prevention and mitigation by Provincial Organs of state, statutory functionaries, other role players and communities and neighbouring municipalities

The municipality always strives at fully identifying; reducing occurrences of disaster through awareness campaigns and soften the impact of those hazards that cannot be prevented through referrals to relevant parties. Coordination role was performed in ensuring that multiple emergencies are attended to in an integrated manner. Relief service was provided by the municipality where the need existed.

Disaster Management Advisory Forums were coordinated to give advice and make recommendations on disaster related issues and disaster risk management. The forum also ensured that joint standard practises are developed. Critical information was also gathered and the awareness campaigns, training and capacity building were amongst the task carried through by the forum. Educational Programmes were also conducted with the assistance of other role players especially in the areas where fires are prevalent.

### COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

Operating Expenditure is lower than budget due to a staff vacancy and reduced output as a result of reduced capacity.

The following challenges had a negative impact upon ELM's ability to perform its Disaster Management function:

- Disaster Management remains largely reactive due to the limited capacity of the centre; and
- Risk Reduction is undertaken on an *ad hoc* basis as requests are received. ELM's response is based on the availability of resources at the time.

## COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

### INTRODUCTION TO SPORT AND RECREATION

The Amenities Division provides and maintains sports and recreational facilities to the public.

T 3.23

### 3.23 SPORT AND RECREATION

### SERVICE STATISTICS FOR SPORT AND RECREATION

The following user statistics reflect the generally good usage which was made of sports and recreation facilities across the ELM in 2013/14:

#### MAYORS CUP TOURNAMENT

The concept is the initiative of the Office of the Mayor to develop Sport and the tournament is known as the Mayoral Cup which was instigated in 2005 to develop young people in Sport in the entire municipality.

The SPU Officer is tasked with the mammoth task to oversee the smooth running of the event of which all the wards participate in various sports discipline such as the Football, Ladies soccer, Netball, Rugby and Athletics and Golf.



This tournament enhance the development as well as unearth the local talent beacon by the rural youth that lack exposure as the concentration is based in bigger cities.

The event is budgeted and filter in the integrated development plan of the municipality.

## **PLAYGROUNDS**

As part of the infrastructure development as well as to pave way for sports development the municipality has managed to blade one sport ground per ward and install steel poles for both netball and soccer. This is the first phase and we still in a process phase 2 of fencing and landscaping that will encompass grass planting

### **Sportsfields, Parks and Public Open Spaces**

The overall objectives of this function are to provide and maintain parks and open spaces thereby creating a pleasant environment for the communities, contributing towards global “greening” and to maintain sidewalks and pavements. Due to budget constraints, these parks are not always fully functional as planned.

General objectives were achieved and are reflected on as follows:

- The pruning of the trees along municipal streets within Emalahleni Municipality;
- Regular cutting of grass on sidewalks and open spaces as per maintenance and cutting schedules;
- Tree cutting as per schedules; and
- Maintenance of sporting facilities.

In respect of sports fields and parks and open spaces it is noted that maintenance is conducted as per schedule and in terms of the available budget. While the budget is effectively utilised budget constraints affect the level of progress.

<b>COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:</b>
--

## **SPORTS COUNCIL**

The council is in place and is part of the preparations for Mayors Cup.

Aqua sport linked to existing Dams (Xonxa and Lubisi) has been identified as one of the major tourism projects in ELM.

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### INTRODUCTION TO CORPORATE POLICY OFFICES

T 3.24

### 3.24 EXECUTIVE AND COUNCIL

This component focuses on the Executive Structures, the Mayor, Councillors and the Municipality Manager.

### INTRODUCTION TO EXECUTIVE AND COUNCIL

The focus over the past years has been on delivering basic social needs and housing (in collaboration with the Provincial Department of Human Settlements). In spite of the remaining backlogs, major strides have been made in this regard. However, there still remains a huge challenge in terms of ensuring that the institution does not just deliver houses and services but creates integrated and sustainable settlements.

During the 2013/14 IDP review one of the key strategic objectives of the institution has been ***“to deliver sustainable infrastructure that support social and economic development”***. Priority has been on the upgrading of sewer treatment works, electrification and road maintenance, to meet the needs of the expanding human settlements. The projects below are key projects that were implemented in during 2013/14 FY in response to the above objective.

- Spatial and Environmental Rationale
- Infrastructure and basic services
- Local Economic Development
- Municipal Institutional Development and Transformation
- Financial Management and Viability
- Good Governance and Public Participation

T 3.24.1

Note: T3.24.4 includes the GIS and the SPU offices

Financial Performance 2013: The Executive and Council					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	70 853 100	77 954 782	78 598 000	238 316	-32611%
Total Operational Expenditure	44 652 972	46 693 198	53 160 790	20 609 859	-127%
Net Operational Expenditure	-26 200 128	-31 261 584	-25 437 210	20 371 544	253%
					T 3.24.5

#### COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

The following measures were undertaken to improve performance:

#### **Institutional Arrangements**

The Project Management Office was established in for the purpose of enhancing project governance, project planning, and project pipelining, monitoring and reporting.

#### **Supply Chain Management**

The Bid Committees System of the Municipality was reviewed and restructured and an appropriate delegation system developed, which started in 2013. The number of tenders awarded increased significantly, which increased spending by the end June 2014.

#### **Project Management**

ELM embarked on a process of multi-year budgeting in order to ensure realistic utilisation of the budget within each financial year.

### 3.25 FINANCIAL SERVICES

#### INTRODUCTION FINANCIAL SERVICES

T 3.25.1

#### **Revenue Management**

During the financial year a Revenue Enhancement Strategy (RES) was developed and implementation was initiated. Key focus areas in the RES include:

- Updating and correcting billing data for each account holder;
- Enhancing business processes so as to ensure that improvements to existing properties are valued and that billing records are updated accordingly;

- Regular and accurate water and electricity meter readings, so that the correct consumption can be billed;
- The minimisation of meter reading estimates
- The timeous resolution of billing related queries
- The enforcement of debt collection action
- Obtaining customer related data through new service agreements

### **Consolidated Billing**

On-going implementation of improving the billing system together with the stringent credit control policy was undertaken. This was done with the intention of improving the municipality's revenue collection for services rendered.

### **Counter Services**

The following projects were undertaken during the Financial Year:

- Updating of the Service Agreement (rates and services) project
- Registration / verification of the existing indigent consumers.
- Measures taken to improve performance

The infrastructure and information technology resources to support the data capturers have been improved. Projects are managed from within the Revenue Management Department.

### **Valuation and Rates**

Priorities and impact made during 2012/13

- Valuing and rating of all properties within the ELM boundaries and updating the valuation roll by conducting regular supplementary valuations;
- Measures taken to improve performance; and
- Going forward, two supplementary valuations will be performed each financial year.

### **Debt Management**

The priorities of the Finance Department were to increase the collection of debt and to reduce the debt book. As a result of the effort put through during the year under review the following highlights are noted:

- The Collection Ratio improved monthly and some targets were met;
- Letters were issued to consumers prior to the blocking or disconnection of services, which had a positive impact on the collections;
- Debt collection actions in the form of disconnections and blocking of electricity were increased and had a positive impact on collection;

### **Measures taken to improve performance**

- Implementation of the Revenue Enhancement Strategy, specifically to enforce the debt collection action.
- Implementation of the expanded Debt Management Operations.
- Stricter enforcement of the Credit Control Policy.

- Increased disconnection of electricity meters and hand-over of debt to collection agents.
- Implementation of the Debt Book Analysis findings to clean the debt book by writing off irrecoverable debt.
- Synchronization of the prepayment meters on the prepayment system to the financial system.
- Analysis of returned mail resulting in rectification of postal addresses.
- Inspection of electricity meters to prevent and minimize tampering.

R'000					
Details	4-Jul-05	5-Jul-05			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	70162701	75415103	76069000	82363738	8%
Expenditure:					
Total Operational Expenditure	14196376	12212869	19393340	18606289	34%
Net Operational Expenditure	-55966325	-63202234	-56675660	-63757449	1%
					T 3.25.5

### 3.26 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources Department falls under the Directorate of Corporate Services and performs the following human resource support functions to line management:

- Organisational development
- Payroll and benefits administrators
- Recruitment and selection of staff
- Employee relations management
- Talent management
- Staff development
- Occupational health and safety
- Employee wellness
- Employee performance management

ELM has encountered challenges in the following areas:

- Recruitment could not be actioned for all vacant posts as ELM is undergoing an organisational restructuring process. Line management has, however, identified critical service delivery posts and recruitment has been actioned for such identified posts.
- Disciplinary management is a challenge in that hearings are not being finalised timeously as per the Disciplinary Code. This is caused by a variety of factors inclusive of the unrealistic time-limits specified in the disciplinary code. In order to address this, an Employee Relations Improvement Project is being initiated, whereby additional capacity is being provided to the Labour Relations Section with a view to finalising all outstanding disciplinary hearings.

T 3.26.1

#### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The Human Resources Department provides human resources support services to Council and all line departments in ELM. HR thus services 34 Councillors and (data not available) staff members.

#### COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The primary project for 2013/14 was the electronic attendance control financial system. Due to the high rate of absenteeism and excessive overtime claimed by ELM staff, Council resolved that stricter controls should be introduced to curb this abnormal practise. The Biometric Electronic Attendance Control System may have to be considered to address the following:

- Absenteeism in the workplace.
- Monitoring of overtime.
- Physical security in the buildings.

### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services and Geographical Information Systems (GIS).

#### INTRODUCTION GEOGRAPHIC INFORMATION SYSTEMS (GIS) SERVICES

Geographical Information Systems (GIS) is interdependent on adequate hardware and networks provided by the ICT department. As the GIS system is accessible to the municipality users, uptime is critical in the provision of real-time, accurate, spatially related data. Currently the GIS system operates on a SQL server (2008) platform using ESRI ArcGIS for desktop, web applications, extensions and database management.

GIS is fully established by June 2014 and it was budgeted at R200,000.

#### INFORMATION MANAGEMENT AND TECHNOLOGY

The ICT division is responsible for providing information management and technological support. Key functions of the ICT division are:

- The provision of all software application support to the Municipality.
- The design of a management system and tool to track service delivery and customer satisfaction.
- The sourcing and dissemination of information (research).
- The implementation of sound IT governance principles and policies supported by the appropriate IT governance structures.
- The provision and support of computer hardware and software to the municipality.
- The setting up, support and improvement of the IT systems.
- The development of an integrated IT plan and budgeting process.
- The development and implementation of user allocation policies and all IT policies.
- The development of a knowledge and process management system to support strategic planning and economic development.
- The provision of support to customer call centres.
- The provision of user education to staff and councillors.

#### SERVICE STATISTICS FOR ICT SERVICES

The ICT unit received (DNA) requests for:

- Desktop / Laptops
- Smart tabs / Smart Phones
- Network Access

- Telephone
- 3G / Wi fi
- Printers / Scanners / Copiers / Fax
- Applications
- Technology

They responded to a total of (DNA) incidents, which related to challenges with:

- Network
- Desktop / Laptops
- Electronic Mail
- Applications
- Storage
- Data Recovery
- Security
- Printers
- Telephones
- Smart Tabs

ICT PROJECTS
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The following ICT projects were undertaken during the period under review:

**ICT Infrastructure Network** – This included the improvement of the ELM Network, in order to stabilise the data network with quality of services, and the upgrade of Wireless Network in order to improve efficiency.

**ICT Disaster Recovery** - Offsite Data storage for business continuity and ensuring secured ELM data. ICT Disaster Recovery increases reliance on ELM electronic data and minimising the risks of failures in supporting systems.

**Enterprise Resource Planning** - The Financial System was enhanced with centralised data. The system enables the Municipality to function promptly, which will improve the service delivery to the ratepayers. The municipality is able to focus on new business opportunities. This will also assist in improving access to information.

The following **ICT Systems Improvements** were undertaken:

- Supply Chain Management System
- Debt Management System
- Antivirus / intrusion detection System



COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:
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The following ICT projects were undertaken:

- ICT Systems Improvement – This project is aimed at improving systems within the organisation.
- Disaster Recovery Centre - This project, aimed at offsite Data storage for ELM for business continuity and ensuring secured ELM data.
- Computer Equipment for ELM - Replaced and /or upgraded ELM user computers. Additional budget was required as the users computers are old and cannot keep up with evolving technology.
- 

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES
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INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES
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**Property, plant and equipment**

Ownership of land and buildings disclosed in the statement of financial position and in the notes of the financial statements of R13.9 million (2011: R14.2 million) could not be confirmed as title deeds could not be obtained for certain properties. I am unable to confirm these properties by alternative means.

Infrastructure assets included in the amount of R268.9 million (2012: R286.1 million) as disclosed in the statement of financial position and note 9 to the financial statements could not be physically verified. Some infrastructure assets were duplicated on the fixed asset register. The municipality could not provide confirmation of the rights to certain infrastructure assets. I am unable to obtain sufficient appropriate audit evidence for the cost per unit used in the fair valuing of infrastructure assets. I am unable to confirm these assets by alternative means.

Documentation supporting additions during the year of R740 535 was not submitted by the municipality. We are unable to confirm these transactions by alternative means.

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Depreciation amounting to R19.8 million is included in the statement of financial performance, note 9 and note 24 to the financial statements. The municipality could not provide sufficient appropriate audit evidence to confirm some asset's useful lives and residual values. I am unable to confirm the depreciation charge by alternative means.

The municipality has incorrectly accounted for missing assets of R577 880 as impaired assets. This was due to council resolution not being obtained to dispose of the assets prior to the preparation of the financial statements. Infrastructure assets and land and buildings as disclosed in the financial statements do not agree to the amount per the general ledger. Both balances differ by R14.9 million. The municipality did not provide a reconciliation of this difference. We are unable to confirm this difference by alternative means.

GRAP 21, *Impairment of Non-Cash Generating Assets*, and GRAP 26, *Impairment of Cash Generating Assets*, prescribes that an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset. The municipality did not assess its assets for possible impairment at year end. We are unable to confirm if any assets are impaired at year end by alternative means.

As a result of the above findings, we are unable to determine whether any adjustments relating to property, plant and equipment in the financial statements in necessary.

Deregistered motor vehicles have been included in the municipality's fixed asset register. The municipality did not remove these motor vehicles from their fixed asset register upon disposal of the motor vehicles. Consequently, other assets included in property, plant and equipment is overstated by R3.8 million and expenditure is understated by the same amount.

### **Legal and Compliance**

Areas pertaining to legal issues (in-house or externally) are managed by the Legal and Compliance Manager and in this manner valuable advice and service is provided and received.

From a compliance perspective, this manager ensures that areas of compliance are met throughout the organization and this has been facilitated by the development of a Compliance Calendar. This manager works closely with the internal auditor and the Auditor General in order to facilitate the management and control of identified compliance issues which are critical for the organisation. On all levels and within all departments this manager is required to set up appropriate structures to ensure that compliance and reporting deadlines and compliance responsibilities are met.

### **General issues of Corporate Governance and Compliance**

The following issues are noted:

- All prescriptions regarding Conditions of Service from SALGBC are applied to the letter;
- The appointment of the Legal and Compliance Manager has ensured that compliance and legal issues are generally being managed more effectively;
- Legal cases involving labour have been successfully resolved to date;
- No success was achieved regarding the Customer Satisfaction Survey. These questionnaires were required to be distributed and although the Ward Councilors' did engage in the distribution of these questionnaires, this was not done effectively. This prevented the appropriate study and analysis from being done during 2011/2012. It is noted that while a Customer Satisfaction questionnaire was developed and made available during 2010/2011, little progress was made in terms of efforts to disseminate, collect and to analyze the data in order that appropriate action could be undertaken. In an effort to revive this initiative, two dedicated staff, staff from the Chris Hani District Municipality Water Services Authority and the Presidential /Fraud Hotline became the "vehicles" to be used within which to lodge complaints. Additionally it was agreed that information is to be disseminated via the Speaker's Office – thereby facilitating greater engagement with the community.
- Progress in respect of implementation of a Leave Policy and Procedure and a Disciplinary Policy and Procedure (aligned to SALGBC's collective agreement), was not able to be achieved due to required funding constraints; and
- All contracts of employment have been reviewed, updated and re-signed as and when appropriate.
- The Compliance Unit has been instrumental in the process of addressing the area of weakness relating to the MFMA and during the year under review the institution has become aligned to, aware of and largely compliant with the requirements compliance requirements of the MFMA. The critical role that compliance plays in ensuring effective service delivery is continuously undermined by the organization.

This unit provides ongoing legal advice and compliance assistance and guidance to all departments within the organization. The continued weakness throughout the organization relates to adherence to timelines and reporting procedures for the Budget and IDP as well as financial management. The Unit was instrumental in implementing the Performance Management Framework of the institution and addressing the backlogs relating to the performance backlogs for the prior year's up to 2008/2009. The performance contracts were put in place and the year under review saw the implementation of the quarterly assessment process. Unfortunately the final evaluation for 2009/2010 which was due to be done in April 2011 was put on hold due to the Local Government election in May and was deferred to the new Council to finalise. This has resulted in the organization being non-compliant in this area. The process has now been placed back on track and the assessments for the outstanding years are planned to be finalized in the new financial year.

**Legal Providers**

External and internal disciplinary cases are handled where possible by the Legal and Compliance Manager. This Municipality does not have a specifically appointed Legal Services provider, but at times when the need arises the services of various firms of attorneys are utilized (on a needs basis, case by case). These are reflected in the table below:

NAME OF FIRM	LEGAL FIELD
Kirchmann's	Labour Law
Smith Tabata Inc.	General Legal Matters
Bowes McDougall Inc	General Legal Matters
Zepe and Associates	General Legal Matters
Van Niekerk Attorneys	General Legal Matters
Hutton and Cook	Conveyance

**Management of Litigation****Case load management with specific reference to outcome**

The number of cases has dramatically been reduced since the appointment of the manager and currently the only outstanding civil legal matter relates to the dismissed case of Hoco re instituted under the Close Corporation and to which the legal defense of prescription was raised. The Municipality was faced with a criminal action laid against it for the use of an electronic signature which resulted in criminal charges being laid against the Corporate services Manager. The charges were withdrawn after submissions made.



**COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD**

This component includes: Annual Performance Scorecard Report for 2013/2014 Financial Year.

***ANNUAL PERFORMANCE REPORT ORGANISATIONAL*****1. INTRODUCTION AND OVERVIEW**

In terms of Section 46 of the Municipal Systems Act (as amended), municipalities are required to prepare an Annual Performance Report that is to form part of the Annual Report to be prepared in terms of the Municipal Finance Management Act.

Attached herewith is the detailed Annual Performance Assessment for the organization for the 2013/2014 financial year. Although our Performance Management system was introduced for the first time during the 2012/2013 financial year, the Municipality complied with the Legislative Framework in the finalisation of our Performance Management System (PMS).

**2. PURPOSE OF A PERFORMANCE MANAGEMENT SYSTEM**

The Department of Co-operative Governance defines Performance Management System as “a strategic approach to management which equips leaders, managers, employees and stakeholders at different levels, with a set of tools and techniques to regularly plan, continuously monitor and periodically measure and review performance of the organisation (municipality) in terms of indicators and targets for efficiency, effectiveness and impact.”

A PMS is also intended to assist the Council to improve service delivery by channelling its resources to meet performance targets and in doing so, ensure that the municipality achieves its strategic objectives are contained in its IDP.

A PMS should fulfil the following objectives:

- Facilitate increased accountability
- Facilitate learning and improvement
- Provide early warning signs

- Facilitate decision making

### **3. BACKGROUND TO PERFORMANCE MANAGEMENT IN EMALAHLENI**

The legislative requirement for the development of PMS includes the following pieces of legislation:

- The Constitution of the Republic of South Africa, 1996
- Local Government: Municipal Systems Act (MSA), 2000 as amended (Act 32 of 2000 as amended)
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
- Local Government: Municipal Planning and Performance Management regulations, 2006
- White Paper on Local Government;
- White Paper on Transformation of the Public Service

However, the main regulatory mechanism for Performance Management System is Chapter 6 of the Local Government: Municipal Systems act as amended, 2000 (Act 32 of 2000 as amended) and the related Municipal Performance Management Regulations and Municipal Finance Management Act mentioned above.

The MSA requires that all Municipalities:

- Develop a Performance Management System
- Set target and monitor and review performance based on indicators linked to their IDP
- Prepare an annual Performance Report on the performance of a municipality forming part of its Annual Report as required in terms of the MFMA
- Incorporate and report on a set of general / national indicators prescribed for local government
- Conduct on a continuous basis, an internal audit of all performance measures
- Have their annual performance report audited by the Auditor general
- Involve the community in setting indicators, targets and reviewing of municipal performances

The Municipal Planning and Performance Management Regulations provide more detail on the requirements of a PMS.

## **4. LEGISLATIVE REQUIREMENTS AND COMPLIANCE BY EMALAHLENI MUNICIPALITY DURING 2013/14 FINANCIAL YEAR.**

### **1.1 DEVELOPMENT OF A PERFORMANCE MANAGEMENT FRAMEWORK**

In compliance with the Municipal Systems Act (Act 32 of 2000) as well as the Municipal, Planning and Performance Regulations, 2001, and in consultation with the community and community stakeholders a Performance Management Framework was developed.

The Performance Management Framework together with the, Organisational Scorecard, Performance plans, and Performance agreements of all section 57/56 employees were approved by Council.

The Framework describes how the municipality's performance cycle in respect of planning, monitoring, measurement, review, reporting and improvement will be conducted. It also specifies the institutional arrangements for the management of PMS, and includes the roles and responsibilities of the respective role-players.

The following illustrates the PMS cycle as specified in the approved Framework:

1. Performance Planning
2. Performance Monitoring
3. Performance Measuring
4. Performance Analysis
5. Performance Reporting
6. Performance Review

## **1.2 IDP, PMS INTEGRATION THROUGH SDBIPs**

During the 2013/14 IDP Review and Budget process an attempt was made to align the IDP with the budget to comply with the both MFMA and MSA.

At a strategic level, the IDP Priorities were aligned to the national Key Performance Areas and the Provincial Growth Development Strategy of the Eastern Cape Provincial government.

Organisational objectives in terms of the IDP, were incorporated into the Organisational PMS by developing applicable indicators for measuring of performance and then setting of targets (within the available resources as specified in the Budget for the 2013/2014 Financial Year). All of this was consolidated into an Organisational Score Card in line with the NKPA Model as specified in the Framework mentioned above to allow for measuring and reporting of performance at an Organisational / Strategic level.

**The following Figure illustrates the link between the IDP, Budget and PMS.**

**Figure 2: IDP, PMS and SDBIP link**





### 1.3 MONITORING AND EVALUTION AND REVIEW

At the end of every quarter Departments are expected to submit to the Office of the Municipal Manager, their completed Organisational Scorecard and SDBIPs for further submission to Internal Audit. Internal Audit thereafter submits to the External Audit Committee, which in turn reviews the PMS and submits recommendations thereon to the Executive Committee.

This process is intended to allow the municipality to monitor, evaluate and review its performance based on the National and its own IDP key performance areas. The following is derived from both the legislative framework for performance management and PMS framework, summarises for ease of reference and understanding the various performance deadlines as it applies to the Municipality:

**Table 1: PMS Reporting requirements**

No	REPORT	FREQUENCY	SUBMITTED FOR CONSIDERATION AND OR OVERVIEW TO	REMARKS
1	SDBIPs / Performance reports	Quarterly	Executive Committee	See MFMA Circular 13 of national Treasury for further information
2	Monthly budget statements	Monthly	Mayor (in consultation with EXCO)	See sections 71 and 54 of the MFMA
3	SDBIP mid-year budget performance assessment	Annually during January of each year	Mayor (in consultation with EXCO)	See sections 72 and 54 of the MFMA
4	Annual Performance Report	Annually	Council	See section 46 of the Municipal systems Act as amended. Said report to form part of the annual report
5	Annual report	Annually	Council	See chapter 12 of the MFMA






## 2. CONCLUSION



Emalahleni Municipality intends to build on lessons learnt from the experiences of the 2012/2013 and 2013/2014 financial years and other local government exercises. Additional financial and human resources need to be allocated for the successful implementation and monitoring of the PMS 2014/2015.





## 3. ORGANISATIONAL PERFORMANCE SCORECARD





The municipality has established 6 departments in its organizational structure, namely, Corporate Services Department, Infrastructure Development and Human Settlement Department, Financial Services Department, Integrated Planning and Economic Development Department, Strategic Support and Community Services Department. The report on the performance of the municipality has therefore been structured to reflect the performance of each department.




It should also be clear, however, that the report focuses on the activities regarded as significant for the pursuit and attainment of [the] municipality's objectives and targets set out in the Service Delivery and Budget Implementation Plan (SDBIP) for the 2013/2014 financial year.




Key: Snap assessment on likelihood of achieving annual target	
	Annual Target Exceeded
	Meeting target
	Annual target in progress / Proceeding well target will be met
	Under achieving on target. More work is needed
	On Hold /No funding






	<b>Assessment not possible to determine at this stage</b>
	<b>Target under construction /Construction of new Target</b>
	<b>Target to be Revised and or Target Reviewed (motivation to be provided in general comments)</b>

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN - 2013 / 2014 FINANCIAL YEAR												
PRIORITY AREA	IDP OBJECTIVE	OUTCOME	PROGRAMME / PROJECT	KEY PERFORMANCE INDICATOR	BUDGET ALLOCATION	ANNUAL TARGET 2012/2013	ACHIEVED / NOT ACHIEVED	ANNUAL TARGET 2013/2014	ACHIEVED / NOT ACHIEVED	SNAPSHOT ANALYSIS	REASONS FOR NON ACHIEVEMENT	COMMENTS
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT												
Town Planning and Land Development	To promote a diverse combination of land uses in towns	Cemetery Layout Plan	Cemetery layout plan for Indwe	Approved layout plan for Indwe	R 500 000	Approved Layout plans by 30 June 2013	Achieved	1 Layout Plan approved	Not Achieved		Unavailability of land	
		Implemented town planning scheme	Subdivision of Municipal land in Town in 3 towns	No. Of Erf sub-divided	R 100 000	No. of approved subdivisions in town by 30 June 2013	Achieved	3 Erf ones sub-divided and approved in 3 towns by 30 June 2014	Not Achieved			Target not SMART, subdivision done in Lady Frere
		Township establishment	Township development plan developed	No. Of townships developed plan	R 300 000	New township developed plan	Not Achieved	1 Township Development plan by 30 June 2014	Not Achieved		Delays in procurement of the service provider	Appointment of service provider for township establishment done in June 2014
		Regulation of land use in towns	Functioning of GIS	Functional GIS Unit	R 200 000			Functional GIS by 30 June 2014	Achieved			Equipment procured


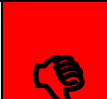



		Carry out land audit in the municipal area	Develop land audit for the municipal area	Land audited with proof of ownership	R 15 000	Land audit complete by 30 June 2013	Achieved	Land audit completed by June 2014	Not Achieved		Conveyancer not appointed; meetings with beneficiaries could not materialize due to poor planning	Targets not SMART
Water	Improve provision of water to all households by 60% by 2017	To facilitate provision of water in sustainable manner	Implementation of water projects in Cluster 1,2,4,6,7,8,10,12,13,14,15,16	Progress on implementation of water project by CHDM	R54.5m	Implementation commences as from 01 July 2012	Angnes Rest, Vukani bulk water and Cacadu were all completed	Completion of water schemes by 30 June 2014	Not Achieved		Project in Ward 12 could not be fully implemented due to Eskom delays	
Sanitation	To facilitate provision of sanitation to all targeted households by 2017	Sanitation backlog Business Plan (WSDP)	Cluster 4 Sanitation Backlog: Wards 2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17	Progress on implementation of sanitation facility	R18.2m	100% monthly reporting on progress re: projects implemented	Achieved	Sanitation facilities erected by 30 June 2015	Not Achieved		Litigations between CHDM and their appointed contractor, these were due to budget shortfalls	
			Cluster 3 Sanitation Backlog: Wards 7,8,9,10,11,12,13 and 14	Progress on implementation of sanitation facility	R12m	100% monthly reporting on progress re: projects implemented	Achieved	Sanitation facilities erected by 30 June 2015	Not Achieved		There has been pending litigation between CHDM and appointed contractor	





	To facilitate eradication of bucket system by 2017	Bucket system eradication Business Plan	Bucket eradication	Progress on eradication of bucket system by CHDM	R2m			Completion of Bucket System planned by 30 June 2014	Not Achieved		The project started late. The procurement processes delayed on the side of the DM. There was also an increase on the number of bucket systems to be eradicated	If the original number of bucket systems to be eradicated remained, this target would have been achieved
Roads and Storm water	To increase access roads infrastructure	To facilitate and monitor project implementation	Construction of Ntsinga to Njombela Access Road	No of kilometres of access road constructed (gravel road)	R4.4m	Project registered with MIG / Report on projects to be implemented in year 1 / 10 registered access roads on MIG to be implemented by 2011 / 2012 / lobby DoR&T to construct and maintain access roads and Storm water infrastructure	Achieved	9.4 kilometres of Access road constructed (gravel)	Not Achieved		The box culverts were delivered late, for the construction of a bridge. The road is complete, only the bridge is outstanding	
			Construction of Dukathole-Mmangweni Access Road	No. Of kilometers of access road constructed	R4.4m	Project registered with MIG / Report on projects to be implemented in	Achieved	9.4 kilometers of Access road constructed (gravel)	Not Achieved		The box culverts were delivered late, for the construction	






			d (gravel road)		year 1 / 10 registered access roads on MIG to be implemented by 2011 / 2012 / lobby DoR&T to construct and maintain access roads and Storm water infrastructure					of a bridge. The road is complete, only the bridge is outstanding	
		Construction of Fani Village	No. Of kilometers of access road constructed (gravel road)	R 1 541 000	Project registered with MIG / Report on projects to be implemented in year 1 / 10 registered access roads on MIG to be implemented by 2011 / 2012 / lobby DoR&T to construct and maintain access roads and Storm water infrastructure	Achieved	6 kilometers of Access road constructed (gravel)	Achieved			
To promote high quality projects infrastructure	Infrastructure Master Plan	Purchase of Plant Machinery	Purchasing of Plant Machinery	R2.5m			1 Plant machinery purchased by June 2014	Achieved			
	EPWP	Job Creation	No. Of workers appointed	R1m			127 contract worker appointed by June 2014	Not Achieved		Target not achievable, not realistic,	

											the budget was spent on material and labour	
	To ensure proper maintenance of roads	Infrastructure maintenance	Maintenance of Access roads Wards: 3,5,6,10,12,14 and 15	No. Of kilometres of access road maintained	R 835 935			All access roads maintained by June 2014	Not Achieved		Target not realistic	
Electricity	To reduce electricity backlogs	INEP Schedule 06 and 07 program	Electrification of 1052 units in ward 01, 02, 08 and 09	No. Of House connections	R28m			1052 units electrified in rural villages by June 2014	Achieved		Budget was R10million not R28million as indicated	
		Facilitate non-grid electricity installation	Installation Solar Street Lights and Solar Geysers, non-electrified areas	Development of Business Plan of non Grid Electricity	R 0			Developed Non-Grid Electricity Business Plan by June 2014	Achieved			
Housing and Estate	To provide quality houses and human settlement	To facilitate implementation of Housing Sector Plan	Mavuya 462 phase 1 and 2; 280 houses to be rectified	No. Of houses rectified	R 0	Facilitating rectification of Dordrecht houses phase 1 & 2	Not Achieved	280 of houses rectified by June 2014	Not Achieved		Due to delays by the Department of Human Settlements (in relation to procurement processes)	Target not SMART, as they were based on activities out of the municipal control
			CHDM Emergency units 49 (26 units to be built for ELM)	No. Of units constructed				26 units complete by June 2014	Not Achieved		Due to delays by the Department of Human Settlements	Target not SMART, as they were based on activities out of the municipal









									(in relation to procurement processes)	control
	Sinako / Zwelethemba 289 Planning	No of units transferred	R 1 158 000	Land delivery / construction and implementation of approved housing projects		289 transfers completed by June 2014	Not Achieved		Poor planning	Procurement of services for township establishment and construction
	Indwe West gate 160 planning	No of units built	R 250 000	Land delivery / construction and implementation of approved housing projects		160 units to be built by June 2014	Not Achieved		Delays from the developers	Draft feasibility study on the bulk infrastructure project
	Zwaartwater 1000 (Rural)	No of units to be built	R 250 000	Land delivery / construction and implementation of approved housing projects		1000 houses built by June 2014	Not Achieved		Delays by the department of human settlement in procurement processes	Target not SMART, as they were based on activities out of the municipal control
	Dordrecht 2000, 50 houses to be rectified	No of houses rectified	R2.5m	Facilitating rectification of Dordrecht houses phase 1 & 2	Not Achieved	50 units rectified by June 2014	Not Achieved		Delays by the department of human settlement in procurement processes	Target not SMART, as they were based on activities out of the municipal control
	Lady Frere 715 - 50 houses to be rectified	No of houses rectified	R 10 999 996	Facilitating rectification of the construction of Lady Frere 700 (715) units	Not Achieved	50 units rectified by June 2014	Not Achieved		Delays by the department of human settlement in procurement	Target not SMART, as they were based on activities out of the municipal




											processes	control
		Facilitate property transfers and preparation of deeds of sale	Transfers Dordrecht 1000	Handing over of title deeds to beneficiaries	R 0			400 transfers completed by June 2014	Not Achieved		Challenges with financial resources to finance transfer processes	106 transfers were done
			Transfers Lady Frere	Handing over of title deeds to beneficiaries	R 168 000			270 transfers completed by June 2014	Not Achieved		Beneficiaries untraceable	
Waste Management	To provide proper waste management	To establish landfill site	Construction of landfill site	Number of cells constructed	R 6 892 150	50%; Report closing of unlicensed landfill sites progress report / Report on progress 50% progress demonstrated with establishment of landfill site	Partially achieved	1 Cell constructed	Not Achieved		Delays in authorisation to construct and operate the land fill site	Licence obtained, site currently being fenced. Target not SMART
		Integrated Waste Management Plan	Purchase of two tractors and trailers	Number of tractor and trailer bought	R 450 000	Purchase refuse truck	Achieved	1 Tractor and trailer bought by June 2014	Not Achieved		Poor planning	Annual targeted was amended from procurement of a tractor to truck





		Occupational Health and Safety Policy	Purchase of Protective Clothing	Number of employees received protective clothing	R 200 000			Protective clothing is purchased by June 2014	Achieved			Protective clothing delivered in June 2014
		Integrated Waste Management Plan	Job Creation	Number of contract workers appointed	R 370 000			30 Contract worker appointed by June 2014	Achieved			34 contract workers appointed by DEA for waste management
Law Enforcement	To improve road safety environment	To complete pound construction	Pound management	1 Pound completed	R 400 000	Report on progress of the completion of Dordrecht pound	Not Achieved	1 Pound completed by June 2014	Not Achieved		Poor planning	Project was to be done in house, owing to capacity challenges, towards the end of the financial year, the project had to be outsourced
	To ensure management of stray animals	To complete pound construction	Completion of pound in Dordrecht (Ward 11)	Number of pound completed	R 350 000	Report on progress of the completion of Dordrecht pound	Not Achieved	1 Pound completed	Not Achieved			
			Establishment of Parks	1 Business Plan developed	R 300 000	Revival of Parks in DXX & Indwe / Evaluation / Assessment report / revival programme of DXX & Indwe Parks	Partially achieved	Development of Parks and Open Spaces Business Plan by June 2014	Achieved			Business plan for parks and cemeteries was developed

	To ensure effective cemetery services	Update cemetery register	Cemetery register	1 Cemetery register developed and maintained	R 0	Develop maintenance schedule programme	Ongoing	Developed and maintained cemetery register by June 2014	Achieved			Manual cemetery register developed and maintained
Infrastructure Development	High quality standard infrastructure	Infrastructure Master Plan	Construction of Council Chamber	Number of Council Chamber	R6m			1 Council Chamber constructed by June 2014	Not Achieved		delays with the developers	
			Upgrading of Lady Frere Stadium	Infrastructure as per Business plan	R 6 892 000			Deliverables as per business plan	Achieved			Grass Planting (Soccer / Rugby Sport field), Tartun track with markings, netball court revamped, storm water management system and irrigation system.
			Construction of traffic testing station (Phase 2)	Deliverables as per business plan	R1.2m			Completion of phase 2	Achieved			Completion of Phase 1, fencing and professional services (designs) for Phase 2
			Construction of Community Hall (Ward 17)	Number of halls constructed	R 1 364 000			1 Hall constructed by June 2014	Not Achieved		Insufficient allocation of funds	Designs for the construction of the hall and the appointment of

										the contractor	
		Refurbishment of Harry Gwala Community Hall	Number of halls refurbished	R 700 000			1 Hall refurbished	Not Achieved		Poor monitoring	Appointment of a service provider for assessment and appointment of contractor for refurbishment
		Completion of 10 Dipping tanks Mhlanga, Badi, Boniswa, Boqo, Lower Argnest, Tsawulayo, Mkapusi, Nqiningana, Qoqodala, Xonxa	Completed dipping tanks	R 600 000			10 Dipping tanks completed by June 2014	Not Achieved		Insufficient allocation of funds	7 dipping tanks completed (Boqo, Xonxa, Tsawulayo, Manelspoort, Mkapusi, Mhlanga and Nkalweni)
		Pre-schools completion and finishing Upper-Mkhaphusi, Bengu, Cacadu, Maqhubela, Macky's Neck, Gxojeni, Lukhanyiso, Vaalbank, Nqiningana	Completed pre-schools	R 700 000			09 Pre-schools completed by June 2014	Not Achieved		Poor coordination of activities	




			Development and implementation of wellness programs	Wellness program conducted	R 650 000			4 Wellness programs	Not Achieved		Poor planning	Only 1 wellness programme was held in Dordrecht in May 2014
	Promotion of compliance with national building regulations	Facilitate access to Legal Services	Legal Fees for building related Enforcement	Enforcement of building legislation on identified law breakers	R 100 000			Legal Services provided for by June 2014	Not Achieved		Poor planning	Procurement process completed
KPA 2: LOCAL ECONOMIC DEVELOPMENT												
Agriculture	To promote and facilitate for improved and sustainable Local Economic Development	Poverty reduction initiatives	One irrigation scheme established	Number of irrigation schemes established	R 500 000			One irrigation scheme established in Xonxa by June 2014	Achieved			12 hectares in Tshatshu and 18 hectares in Xonxa ploughed in the current financial year. 1 Engine house constructed in Tshatshu, piping system connected. Irrigation scheme established in accordance with the plan

SMME Development		Formalise and strengthen all informal traders (SMME's)	Erection of Hawker Stalls in Indwe and Dordrecht	Hawker stalled erected	R 1 364 050			30 Hawker stalls erected in Indwe by June 2014	Not Achieved			Owing to the functionality of the mine in Indwe, the 30 hawker stalls that were to be erected in Indwe were spread across the three towns on Emalahleni. 10 in Lady Frere, 7 Indwe and 13 Dordrecht
		Job Creation	Support of Ibuyambo Agro-Processing Enterprise	Functioning of Ibuyambo Agro-processing enterprise	-			Facilitate creation of 15 job opportunities	Achieved			Owing to the temporal closure of the Mill, the 15 jobs to be created could not be achieved
		Job Creation	Support poultry Processing enterprise	Establishment of poultry Processing enterprise	R 500 000	Facilitate the dairy establishment of poultry abattoir in Ward 5	In Progress	Poultry processing enterprise established by June 2014	Not Achieved		Delays in Procurement processes (suitable suppliers)	3 Poultry processing infrastructure and inputs in place in Bhunga farm (ward 5), Hala 2 (ward 3) and municipal farm along Indwe resort (ward 16)




		Unlock business opportunities through support of SMME's	Manufacturing of paving blocks	Machinery purchased	R 750 000			Purchasing of paving blocks Machinery by June 2014	Achieved			Machinery delivered in January 2014
			Self sustainable SMME's	Provide support to SMMEs (Sinakho Youth Enterprise, Brick-makers and Liberation Heritage	R 300 000	Facilitate capacity building programmes for SMME's / monitor / report on progress / implementation	Achieved and ongoing	2 SMMEs supported and 1 Heritage event hosted by June 2014	Achieved			Equipment provided to Sinako Youth Enterprise and fencing for brick makers in Dordrecht. Heritage events held at Qoqodala in Ward 7 and contribution to Vaalbank hosted by CHDM
			Beneficiation of SMMEs on Elitheni Coal Mine Value Chain	Facilitate employment of Business Manager for SMME support in coal mine	-			10 SMMEs afforded business opportunities in Elitheni Coal mine by June 2014	Not Achieved		Temporal closure of the mine	
			Development of Business Plan to lobby for funding to repair dam and access	Facilitate development of Business Plan for repairs of	-			Business plan developed and submitted to the relevant departments	Achieved			Business plan developed and submitted to National Department










			road next to Dordrecht Kloof Conservancy	Dam and Access Road next to Dordrecht to Kloof Conservancy								
			Establish more manufacturing business opportunities	Feasibility study conducted	R 400 000			1 feasibility study conducted by June 2014	Achieved			Feasibility study on bottling of spring water and final report was received in June 2014
		Marketing and branding Emalahleni Local Municipality as preferred tourism destination	Local Tourism Organisation establishment and training	LTO established and trained	R 250 000	Established LTO by 30 June 2013	Partly Achieved	1 LTO established and trained	Achieved			1 LTO established and training conducted in June 2014
		Change of mindset from communal farming to commercial farming	Construction of livestock Pen (Zwaartwater)	Livestock Pen constructed	R 200 000			1 Livestock Pen completed by June 2014	Achieved			1 Livestock pen completed in Zwaartwater (Ward 9)
		Develop register of municipal owned farms	Register for municipal farms	Municipal farms register	-			All municipal farm included in the register	Not Achieved		Capacity Challenges in Asset management within the Directorate	The target will be deferred to Asset Management Unit in Financial Services directorate





		Provision of support to commercial farming initiatives	Provide support to commercial farming initiatives in Ida-Zabalaza Farmers Association Guba Commercial initiative and Qhunkqu Commercial initiative	Identify the nature of support required	R 900 000	Sorghum mill operations supported by the municipality	Achieved	Both commercial initiatives supported by June 2014	Achieved			Council approval on Guba Farm initiative relating to irrigation scheme, chicken production and processing and rental housing development; provision of land for chicken production to Qhunkqu (Ward 16)
		Prevention of stock theft	Livestock branding	Livestock branded	R 200 000	500 livestock branded by June 2012. Consolidate the work that has been done	Achieved. Ongoing process	1000 Livestock branded and marketed by 30 June 2014	Achieved			1043 livestock branded
<b>KPA 3: FINANCIAL VIABILITY AND MANAGEMENT</b>												
	Improve financial viability by 15% by	To increase	Revenue enhancement strategy		R 300 000	Improve revenue collection rate to 20%	All consumers are billed. No progress on street naming to ensure proper addresses system to deliver accounts	15% improvement in financial viability	Achieved			Distribution losses reduced with 22% valued at R3 million per annum as per the Annual Financial Statements





		Section 71 Reports (Scheduled C Reports)	Monthly MFMA s71 (Schedule C) reports signed by MM and with Mayor by 10th working day of each month	Produce monthly s71 (Schedule C) MFMA reports		12 sets of monthly S71 reports reported to PT and NT	The section 71 reports have been performed and upload to PT and NT	12 sets of monthly s71 (Schedule C reports signed by MM)	Achieved			All reports submitted to National Treasury and on municipal website
		MFMA Section 72 report	MFMA Section 72 report produced	Produce MFMA s72 report by 25 January 2014		1 MFMA S72 report	Section 72 report has been developed and tabled to Council	1 MFMA s72 report approved by Council	Not Achieved			The report was tabled to Council but on as per the requirements of the MFMA, it was only presented to Council after the 25th January
	Financial management and budgeting	Council approved IDP and Budget Process Plan	Approved schedule of key deadlines for budget preparation by 31 August 2012	Development of a schedule of key deadlines for budget preparation (IDP and Budget Process Plan)		Council approved budget schedule of key deadlines	Council has approved schedule of key deadlines by 31 August 2012	1 Council approved IDP and Budget Process Plan	Achieved			Budget Review Process Plan for 2014 / 2015 financial year was approved by Council in May 2013
		Draft 2015 budget approved by Council	A council approved draft budget for 2014	Approved 2015 draft budget by Council by		1 Council approved draft 2014 Budget by	Council has approved the 2014 Draft Budget	1 Draft 2015 budget approved by Council by 31 March 2014	Achieved			Draft Budget was approved by Council in March 2014

				31 March 2014		31 March 2013						
		Final 2015 budget approved by Council	A council approved (final) budget for 2015 by 31 May 2014	Council to approve (final) budget for 2015 by 31 May 2014		1 Council approved final 2014 Budget by 31 May 2013	Council has approved 2014 budget	1 Final 2015 budget approved by Council by 31 May 2014	Achieved			Final budget approved by Council on 30 <sup>th</sup> May 2014 in line with both the approved process plan and requirements of the MFMA
		Budget Steering Committee meetings	Sittings of budget steering committee	Budget steering committee to convene regularly		6 meetings of Budget Steering Committee	IDP and Budget Steering Committee met	6 IDP and Budget Steering Committee meetings				
		Financial policies reviewed by Council	Review budget related policies for approval by Council	Budget related policies reviewed by Council by 31 May 2014		Reviewed SCM and Asset Management policy	SCM and Asset Management policies have been reviewed and taken to Council for approval	To review at least the SCM and 8 other budget related policies	Achieved			SCM and 11 budget related policies Approved by Council in May 2014




Asset Management	Effective and efficient asset management	Verification and counting of loose and movable assets	Half yearly asset verification and counting of loose and movable assets	Perform half yearly verification and counting of loose and movable assets		Half year asset count of loose and movable assets	The asset count and verification of assets have been performed	Half year asset verification and counting of loose and movable assets	Achieved			Half year verification done in January and in June 2014
		Updated GRAP compliant register	Updating GRAP compliant asset register	Maintain and update GRAP compliant asset register		An updated GRAP Compliant register with AFS of 2013	GRAP compliant asset register has been developed and presented for auditing	GRAP Compliant register for audit purposes	Achieved			Included in the 2013/2014 Annual Financial Statements
		2015 Additions register	Compilation and maintenance of new assets addition register	Compilation and maintenance of new assets addition register		A new additions asset register	The new additions register is maintained with all new assets purchase during 2013	1 New asset addition register	Achieved			An addition register in place
		Updated asset movement register	Compilation and maintenance of movement register	Maintain and update asset movement register				1 Asset movement register	Not Achieved		poor planning on management of assets	inventory registers placed in offices and in the FAR

Expenditure management	Effective and efficient expenditure management	Reconciled salary control with ledger vote	Reconciliation of payroll with salary control vote in general ledger	Monthly salary control reconciliation between payroll and salary ledger vote		Salary control reconciliation with ledger vote	The salary reconciliation has been performed	12 reconciled salary controls with ledger vote	Achieved			All recons completed and prepared for Annual Financial Statements and Audit File
		Payment of creditors within 30 days	Monthly outstanding creditors report (PV02) to balance with creditors control vote in ledger	Monthly outstanding creditors report (PV02) to balance with creditors control vote in ledger		12 monthly PV02 reports to balance with creditors control vote	Everything possible is done to pay all creditors within 30 days	10 outstanding creditors report (PV02 reports) to balance with creditors control vote	Achieved			Recon completed and included in the AFS working papers
		Avoid and mitigate unauthorised, irregular, fruitless and wasteful expenditure	Ensure correct payment of allocated budget votes per department	Recording of all unauthorised, irregular, fruitless and wasteful expenditure in register for it				1 register and 12 reports	Achieved			Irregular expenditure reduced to less than 10 million rands at year end and no unauthorised expenditure for the year




Revenue Management	Effective and efficient revenue management by improving financial viability with 15% by 2016	Financial viable municipality	Review and implementation of Revenue enhancement strategy	Reviewed and implemented revenue enhancement strategy	R 300 000			1 Reviewed and Implemented strategy by 30 June 2014	Achieved			Revenue enhancement plan submitted to MM, Mayor and Council
			Compilation of new valuation roll	Completed new valuation roll	R1.7m			1 completed new general valuation roll by 30 June 2014	Achieved			Approved valuation roll on municipal website
		Accurate and credible data	Data Cleansing in Indwe area	Completed data cleansing exercise in Indwe area	R 300 000	Debtors and data cleansing	Debtor's data cleansing project has ceased due to alleged claims of a service provider. Will be undertaken in 13/14	Conducted data cleansing exercise for Indwe area	Achieved			Report to Finance Standing Committee. Close out report completed
		Completeness of revenue streams	Perform reconciliations for revenue streams	Development of registers and reconciliation of it to ledger votes		A hall deposits register that reconcile to ledger vote	The hall deposit registers are developed and maintained	Registers reconciled to ledger votes for: Hall rentals; new connections and disconnections; prepaid electricity; eNatis, investments and grants	Achieved			All recons completed and prepared for Annual Financial Statements and Audit File



			To reconcile billing system to general ledger	Billing system to reconcile with ledger		12 monthly reconciliation of billing system to general ledger votes	The billing system is reconciling to general ledger votes have been performed	12 monthly reconciliation of billing system for different service charges with their different general ledger votes	Achieved			All recons completed and prepared for Annual Financial Statements and Audit File
	Compliance with applicable legislation	Adherence to Supply chain Management legislation	Monthly and quarterly reports by SCM Unit	Generation of monthly and quarterly SCM reports				12 monthly and 4 quarterly SCM reports	Achieved			12 monthly reports and 4 quarterly reports
		Adherence to applicable legislation	Compilation of 2013 AFS	To compile annual financial statements for 2013 financial year		1 set of audited annual financial statements	The 2013 AFS has been submitted to AG on 31 August 2013	1 set of audited annual financial statements	Achieved			Completed in the first quarter and audited
			Input to 2013 audit action plan on audit queries raised applicable to finance department	To provide Input to 2013 audit action plan on audit queries raised applicable to finance department		An audit action plan for 2012 audit report	56% progress on audit action plan implementation has been achieved	100% implementation on recommendations as per 2013 audit plan by 30 June 2014	Achieved			Action plan compiled and completed implementation









				8 350 indigent households registered for Free Basic Services				Update Indigent Register Annually and Provision FBS Indigent Households by June 2014	Not Achieved			2052 in ESKOM areas and 1540 in Dordrecht
	Implement projects to address AG Audit report	To ensure clean administration	Issues raised by AG fully addressed	Strategically managed plans developed and implemented to address issues raised in the AG's Audit report				Development and Implementation of AG's Audit Action Plan by 30 June 2014	Achieved			
	Management of risks within the municipality	Ensure functional risk management systems	Update risk register and implement planned activities	Approved risk register				Implementation of planned activities contained in the risk register by 30 June 2014	Not Achieved		Lack of capacity to coordinate the risk register	Risk register reviewed and risk committee established

## KPA 4: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT




	To develop, maintain, review and ensure effective implementation of policies and the HR Plan	Analyze, research and consult on policies with relevant	Review of Municipal policies	Reviewed Council policies	R 100 000	Coordinate review of policies and by-laws	14 policies have been reviewed and was done with the assistance of the Chris Hani Municipality	51 Council policies reviewed by June 2014	Not Achieved			Service provider to review policies not appointed
	To develop and empower workforce to enhance their skills and competencies so as to render services effectively	Develop and implement HRD Strategy	Develop HRD Strategy and Training of Councillors and employees	Developed HRD Strategy and Trained Councillors and employees	R 850 000			1 HRD Strategy adopted and conduct training for Councillors and Officials	Not Achieved		Lack of monitoring on the side of the municipality	Draft HRD Strategy developed in January 2014. 10 Councillors and 39 officials trained
	To review and maintain an organisational structure that responds to service	Profile and evaluate all approved positions. Align human capital to the strategic objectives of the municipality	Writing of job descriptions and job evaluation and correction of Task grading	Correct job descriptions and Task grades for all positions in the organisati	R 500 000			262 job descriptions written and evaluated. Review of organisational structure by June 2014	Not Achieved			Job descriptions written and not evaluated

	delivery imperative s			onal structure								
	To ensure compliance with Employment Equity Act	Implement Equity Plan	Human Resources transformation through employment of historically disadvantaged people in terms of the Employment Equity Act	Employment Equity Plan implemented		7 people from designated groups appointed in management posts in terms of the Employment Equity Plan	Achieved	Implementation of Employment Equity by 30 June 2014	Achieved			Appointments made in accordance with the employment equity plan
	To ensure a healthy and safe working environment for Councillors and employees	Ensure compliance with OHASA	Development of OHS Strategy	Strategy developed		4 reports of the Occupational Health and Safety Committee	Not Achieved	1 strategy developed by the 30 June 2014	Not Achieved		Lack of capacity	
	To ensure legislative compliance in holding institutional meetings	Institutional meetings held in manner required in terms of legislative compliance	Council meetings, EXCO, standing committees and Executive Management Committee	Minutes and attendance registers as per schedule of institutional meetings		Attendance of 11 departmental meetings, 12 management meetings, 11 standing committee meetings and 4 Council	Achieved	4 Ordinary Council meeting, 3 EXCO meetings, 3 EMC meetings, 3 Standing Committees, 1 MPAC	Achieved			

						meetings						
	To provide integrated security system that will ensure safety of information and assets of the municipality	Implement system processes and procedures to ensure ICT security	Integrated IT Systems	Upgrading of server				Integrated security system by June 2014	Not Achieved		Capacity challenges	Service provider to upgrade server was only appointed in June
	To develop and implement an electronic document management system for the municipality	Automated and centralised document management	Archives and registry Electronic document management system to ensure proper records management and archiving	Easily accessible documents		Quarterly reports on implementation	Partially Achieved	Automated municipal documents by 30 June 2014	Not Achieved		Capacity challenges of the current server	Correcting and Updating the manual document management system
	To encourage institutional culture of quality performance	Development of an employee performance management framework	Performance management	Aligned job function to the Municipal plans		Review of PMS Policy & framework / progress with PMS to be roll out to levels below s57	Partially achieved	Review of performance management framework Conducting of performance reviews	Not Achieved		Capacity Challenges	No designated personnel to deal with PMS. Performance reviews for the third quarter conducted




						managers						
	To promote and maintain Labour stability within the workplace	Compliance with the collective agreements and conditions of service and adherence to the Organisational Rights Agreements	Implementation of the collective and organisational rights agreements	LLF meetings held		100% Quarterly LLF Meetings / reports	Two meetings were held under the year under review	4 LLF meetings held	Not Achieved			1 LLF Meeting held on September 2013
	To ensure conducive working environment	Provision of reasonable office accommodation	Provision of Accommodation and Conference facility Maintenance of office facility	Rehabilitation of structure for use as office				34 offices renovated and occupied by 30 June 2014	Not Achieved			2 offices were renovated in Lady Frere
			Renovation and fencing (Indwe municipal building - Indwe and Dordrecht)	Number of offices renovated and fenced	R 1 369 000			1 office fenced at Indwe and 1 office renovated in Dordrecht	Not Achieved			

	To strengthen public participation and Ward Committee System Effective	Capacity building Budget provision	Public participation Outreach programmes	Implementation of outreach programs	R 300 000	16 Public Participation outreaches / develop schedule / programme / outreaches in all 17 wards / report on Imbizo's	Partially achieved	Four outreach programs in all 17 wards	Achieved			Outreach programmes held in all 17 wards (IDP Roadshow - confirmation of needs and adoption of the draft IDP, Mayoral Imbizo - Mid-year and draft annual report and IDP Representative forums)
			Traditional leadership Support Programmes	Trained traditional leaders	R 100 000			7 Traditional leader trained	Achieved			7 traditional leaders and 5 representatives from designated groups trained conducted in June 2014 on facilitation
			Ward Committee Support	Trained Ward Committees	R 200 000	Ward Committee Structures functional & operating	Partially Achieved	170 ward committees trained	Not Achieved		Budgetary constraints	17 Ward Committees were trained on facilitation
			Ward Committee out of pocket expenses	Monthly payments out of pocket expenses	R2.1m	4 quarterly meetings of Ward committees convened by 30 June 2013	4 meetings held	All ward committee members received out of pocket expenses	Achieved			

Special Programmes	To facilitate effective participation by designated groups	By implementing special programmes	Capacity building for disabled persons	Trained disabled structure. Minutes and attendance registers	R 200 000			1 training and 4 meetings held	Achieved			1 representative from the designated groups trained in June 2014
			Gender mainstreaming	1 training conducted	R 150 000			Gender mainstreaming Training for Councillors and Officials conducted by June 2014	Not Achieved		Lack capacity of	No designated official to execute the project
			Establishment of structure for children	Progress with the launch of Children Structure	R 50 000			Children structure launched by June 2014	Not Achieved		poor planning	Support from the designated national department scheduled to for August 2015
			Support Elderly People	Progress with support of Golden games	R 100 000			Golden games supported by June 2014	Achieved			
			Nelson Mandela Day	Progress with Mandela Day Preparations	R 100 000			Nelson Mandela day observed by June 2014	Achieved			

			Support field Band Project	Developed youth through music	R 600 000			250 young people developed	Not Achieved			
			Hosting of Annual Mayoral Cup tournament	Developed youth through sport	R 450 000	1 Mayoral cup tournament played by June 2013	Cup finals played. Evaluation meeting held. Compilation of the report	Mayoral Cup tournament conducted	Achieved			
			Woman Strategic Plan and Training Programmes	Development of Women	R 200 000	Strategic plan to have been developed and tabled to Council by June 2013	Table the strategy to Council for adoption	1 plan developed	Not Achieved			Woman structure trained provided in financial management and business management
			Support youth development initiatives	Youth Development Plan reviewed	R 200 000			Training of youth by June 2014	Not Achieved			
Communication	To improve communication with communities and organs of state	To strengthen and ensure proper stakeholder and community engagements	Communication materials Quarterly newsletters and talk shows	1 talk show and 1 newsletter quarterly	R 450 000	Talk show programmes for all municipal activities	Talk show programmes are conducted. Impact assessment of the programmes is conducted	4 Newsletters developed and 4 Talk shows conducted by June 2014	Not Achieved		Lack of oversight	4 Talk shows held



		To streamline programmes for the prevention of new HIV Infections	HIV/AIDS Strategy	Review HIV/AIDS Strategy and LAC meeting conducted	R 400 000	Establish structures to formally manage mainstreaming of HIV/AIDS programme	Achieved	1 Strategy reviewed and Implemented by June 2014	Not Achieved		Poor planning - strategy not reviewed	HIV/AIDS Strategy circulated for comments
	Promote credible Integrate Municipal Planning	IDP that is informed by Community needs	IDP Review	Reviewed IDP	R 100 000	Reviewed and update Strategic plan as per the IDP objectives	Achieved	1 IDP document reviewed and approved by 31 May 2014	Achieved			1 final draft reviewed IDP adopted by Council on the 29 May 2014
	Ensure law and order in our towns	Functional law enforcement unit	Establish testing station and Law enforcement unit	Established Testing station and visibility of Law enforcement officers	R1.2m			Functional testing station and Law enforcement Unit by June 2014	Not Achieved		poor planning (unrealistic target)	Traffic unit established
	Improved management of disaster	To mitigate against effects of disaster pre post incidents	Develop and Implement fire response plan Customize CHDM Disaster Management Framework	1 fire response plan developed 1 disaster management framework customized	R 600 000			Fire response Plan developed by June 2014 ELM Disaster Management Framework developed by June 2014	Not Achieved		Poor planning (Fire response plan and disaster management framework - district competence)	Draft Disaster management plan developed

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

The Organizational Development Section is a key transformation agent dealing with the structure of the Municipality to ensure that it remains aligned to its strategy, job evaluation process and change management philosophy. Organisational Development is placed as a separate section in the Human Resources Department.

*T 4.0.1*

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees (T4.1.1)					
Description	Year 1	2013/2014			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies
Amenities		31	23	8	25.8%
Electricity		13	3	10	0%
Environmental Services		1	1	0	100%
Housing		10	6	4	40%
Local Economic Development		8	4	4	50%
Public Safety		19	2	17	0%
Roads		20	15	5	%
Solid Waste Management Services		29	18	11	0%
Water and Waste Water (Sanitation)		43	37	6	0%
Other		20	12	8	0%
<b>Total</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>0%</b>

Vacancy Rate : Year 2013/2014 (T 4.1.2)			
Description	Total Approved Posts No.	Vacancies (Total Time vacancies exist using fulltime equivalents) No.	Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	1	100%
CFO	1	1	100%
Other S57 Managers (excl. Finance Posts)	5	1	100%
Law Enforcement	19	17	100%
Fire Fighters	0	0	100%
Middle Management Level (excl. Finance Posts)	14	9	100%
Middle Management Level (Finance Posts)	3	0	100%
Highly Skilled Supervisors (excluding Finance Posts)	44	22	100%
Highly Skilled Supervisors (Finance Posts)	6	2	100%
<b>Total</b>	<b>12</b>	<b>12</b>	<b>100%</b>

#### COMMENT ON VACANCIES AND TURNOVER:

ELM is undergoing an overview of municipal programs, roles and responsibilities, linking them to departmental mandates and function. This is done in order to allocate appropriate human resources so as to achieve service delivery targets.

A number of vacancies that the municipality advertised in the last financial year were filled

T 4.1.4

### COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

#### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

*Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.*

Workforce management is a core function of each line manager in municipality. In order to ensure reasonable standardisation and consistency in the handling of the workforce, staff

policies; procedures; and conditions of service are developed at a central level and are then implemented by line management.

Conditions of service of senior managers are based up on the regulations promulgated by the Minister of Cooperative Governance and approved by Council.

Conditions of service of staff below senior management level are negotiated at a central level by the National and Provincial divisions of the South African Local Government Bargaining Council (SALGBC) and, where relevant, at a local level between management and the representative unions SAMWU and IMATU.

In addition to the above, a wide range of policies, procedures and directives are approved by relevant approval authorities after due consultation with stakeholders such as Council, the Municipal Manager and Senior Management. Such policies, procedures and directives are then circulated to all staff for implementation and compliance.

Policies, procedures and directives are revised as the need arises.

*T 4.2.0*

#### 4.2 POLICIES

Emalahleni Municipal Policies and Plans			
No.	Name of Policy	Completed %	Reviewed %
1.	Acting Allowance	Yes	100%
2.	Recruitment and Selection	Yes	100%
3.	Credit Control	Yes	100%
4.	Facilities Management Policy	Yes	100%
5.	Incentive	Yes	100%
6.	Indigent	Yes	100%
7.	Leave	Yes	100%
8.	OHS	Yes	100%

9.	Overtime	Yes	100%
10.	Promotion, Demotion and Transfer	Yes	100%
11.	Property Rates	Yes	100%
12.	Records Management Policy	Yes	100%
13.	Subsistence and Travelling	Yes	100%
14.	Supply Chain Management	Yes	100%
15.	Tariff	Yes	100%
16.	Transport Allowance	Yes	100%

COMMENT ON WORKFORCE POLICY DEVELOPMENT:
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the municipality has a well-developed staff policy framework. The finalisation of the Human Resource Development Policy will close a major gap which currently exists in the organisation. This policy has been drafted and is under consultation with the stakeholders.

On a broad level, the municipality is undergoing a process of reviewing all policies to ensure that they are relevant and up to date.

During the year under review, there were no permanent disablements or fatalities.
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COMMENT ON INJURY AND SICK LEAVE:
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The municipality has an approved Employee Relations Policy which contains, *inter alia*, an absenteeism policy aimed at controlling and reducing sick leave.

In order to better manage absenteeism in the workplace, the municipality has initiated an absenteeism reduction project in cooperation with relevant stakeholders, such as the unions. This will result in further strategies being developed and implemented to curb absenteeism.

Injuries on duty have also proven to be a challenge: ELM has an injury rate which is slightly above the norm. As a result, a safety plan needs to be implemented and its impact

monitored. Further steps to increase safety across the organisation are required to be taken via the monthly safety committee under the stewardship of Corporate Services.

NUMBER AND PERIOD OF SUSPENSION: Table or Graph (based on available information).  
Disciplinary action taken on cases of financial misconduct: Table or Graph (based on available information).

ELM has set strict standards for disciplinary action to be taken in all cases of serious misconduct. Where such serious misconduct is identified, accused staff members are suspended on a precautionary basis.

However, ELM faces challenges in effecting speedy resolution of such cases. As a result, extended suspensions periods – beyond the 3 month limit which has been set – are experienced. The reasons for the challenges are summarised as follows:

- In certain instances, the time-limits set in the disciplinary code are unreasonable.
- The disciplinary code contains complex procedures and stipulations, which unnecessarily complicate and delay disciplinary actions.
- In many cases continuous delays are caused by the affected parties' non-availability, slow response to requests for disclosure of information and doctors certificates not being presented when required.
- There is also a general non- adherence by parties to the established time limits.

Notwithstanding the above, steps have been taken to address these challenges. An employee relations improvement project is to be implemented in the 2013/2014 financial year to support Labour Relations capacity and address the challenges.

COMMENT ON PERFORMANCE REWARDS:
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The Employee Performance Management and Development System was rolled out in 2013/2014.

An Employee Performance Management System (EPMS) is in place for Senior Managers (Municipal Manager and S57 Managers), performance rewards have been issued to Section 57 Managers, whose performance was assessed in line with the approved performance management system framework of the municipality and Local Government: Municipal Planning and Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

**COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE****INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

*Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.*

ELM develops and implements a workplace skills plan (WSP) on an annual basis. This is based on the capacity-building and development needs identified by staff and managers, and is then effected via a training plan.

Although the above needs are identified by line managers and staff, the alignment of such needs with formal capacity development needs, identified in terms of the performance management system, is lacking. This challenge is being addressed by the implementation of an EMPS and alignment with identified capacity gaps and interventions which are then contained in individual staff members' personal development plans (PDP's).

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Number of skilled employees required and actual as at 30 June 2014								
Occupational Categories	Gender	Employees in post as at 30 June 2014	Skills Matrix					
			Learnerships (CPMD-MF)	Skills programmes & other short courses		Total		
		No.	Actual: End of 2013/14	2012/13 Target	Actual: End of 2013/14	Actual: End of 2012/13	Actual: End of 2013/14 (Actual Learnerships plus Actual skills Programmes)	2013/14 Target
Councillors	Female	16	1	0	3	4	4	0
	Male	18	1	0	5	8	6	0
MM and Section 56	Female	2	0	0	0	1	0	0
	Male	4	1	0	1	2	2	0
Middle Management	Female	4	1	0	1	0	2	0
	Male	3	0	0	2	0	2	0
Junior Management, Technicians and Professionals	Female	28	7	0	6	11	13	0
	Male	16	1	0	5	6	6	0
Clerical	Female	24	4	0	5	8	8	0
	Male	5	1	0	0	5	1	0
Machine Operators and Drivers	Female	3	0	0	0	0	0	0
	Male	24	0	0	0	0	0	0
Elementary Workers	Female	16	0	0	0	0	0	0
	Male	74	0	0	0	0	0	0
Interns and Trainees	Female	5	2	0	4	0	4	0
	Male	1	0	0	0	0	0	0
Sub total	Female	96	15	0	19	24	34	0
	Male	144	4	0	13	21	17	0
Total		240	19	0	32	45	51	0



<b>COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:</b>
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Although the implementation of training is adequate, it requires a more focused approach, as previously set out. For the year under review, funding provided for capacity building was R520,000 is set to increase between R750,000 and R850,000 in 2013/2014 FY.

The MFMA competency regulation requires that steps are taken to ensure that Senior Managers meet competency requirements. The Municipal Manager and all S57 managers have to achieve the necessary competencies. All other targeted staff is also required to meet the qualification standards.

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

<b>INTRODUCTION TO WORKFORCE EXPENDITURE</b>
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Employee expenditure is closely monitored and controlled each month by the respective line managers. The Budget office submits monthly reports on any over- or under-expenditure and line managers are required to take the necessary corrective actions in order to comply with the amounts that are on the budget.

The Municipality seeks to obtain value for money from its workforce expenditure through various initiatives, such as: the Absenteeism Reduction Policy. Line managers are required to ensure that employees are productive. The implementation of the Employee Performance Management System will assist with this. In addition to the above procedures, when a vacancy arises, line managers are required to motivate the reasons for the post to again be filled.

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## 4.6 EMPLOYEE EXPENDITURE

EC136 Emalahleni (Ec) - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June

Summary of Employee and Councillor remuneration	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		9 101	10 297	9 740	811	9 849	9 740	108	1%	10 297
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>	2	9 101	10 297	9 740	811	9 849	9 740	108	1%	10 297
<b>% increase</b>	4		13.1%	7.0%						13.1%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		5 475	6 479	6 039	760	6 376	6 039	337	6%	6 479
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		115	320	-	-	-	-	-	-	320
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	2	5 590	6 798	6 039	760	6 376	6 039	337	6%	6 798
<b>% increase</b>	4		21.6%	8.0%						21.6%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		28 126	21 745	28 973	2 189	26 563	28 973	(2 410)	-8%	21 745
Pension and UIF Contributions		3 245	3 713	4 846	305	3 765	4 846	(1 081)	-22%	3 713
Medical Aid Contributions		949	1 175	1 428	128	1 296	1 428	(132)	-9%	1 175
Overtime		1 070	1 121	1 452	125	1 503	1 452	52	4%	1 121
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		653	207	671	72	650	671	(21)	-3%	207
Cellphone Allowance		283	335	376	16	467	376	91	24%	335
Housing Allowances		140	23	77	14	143	77	66	85%	23
Other benefits and allowances		2 614	2 405	4 131	26	493	4 131	(3 638)	-88%	2 405
Payments in lieu of leave		328	562	-	-	-	-	-	-	562
Long service awards		369	813	2 326	-	-	2 326	(2 326)	-100%	813
Post-retirement benefit obligations		316	377	-	(4)	-	-	-	-	377
<b>Sub Total - Other Municipal Staff</b>	2	38 095	32 476	44 279	2 872	34 880	44 279	(9 399)	-21%	32 476
<b>% increase</b>	4		-14.7%	16.2%						-14.7%
<b>Total Municipal Entities</b>		52 786	49 571	60 059	4 443	51 105	60 059	(8 954)	-15%	49 571
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		52 786	49 571	60 059	4 443	51 105	60 059	(8 954)	-15%	49 571
<b>% increase</b>	4		-6.1%	13.8%						-6.1%
<b>TOTAL MANAGERS AND STAFF</b>		43 685	39 274	50 318	3 632	41 256	50 318	(9 062)	-18%	39 274

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COMMENT ON WORKFORCE EXPENDITURE:
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From the above expenditure trends, one notes that workforce expenditure increased annually, as follows:

2010/11:	13.6%
2011/12:	6.61% - General Salary Inflation
2012/13:	28.15%
2013/14:	24.82%

The increase in expenditure for the 2010/11 financial year was due to the annual salary increase and the implementation of Job Evaluation Grading Scheme. The SALGBC agreed back pay to employees.

The 2012/13 financial year experienced a 13.6% increase in total employee expenditure due to the annual salary increase of 7.07% and the payments of back pay relating to labour dispute with the union.

IMATU won a court case against SALGA for not implementing the TASK evaluation results on the correct salary scales. SALGA is currently reviewing the court case outcome. The financial exposure is estimated at 2% additional salary increases to all permanent staff members. These salary increases were paid to all the relevant employees in the 2012/2013 financial year.

The 2013/2014 financial year experienced

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Other Financial Matters

The Annual Financial Statements reflect the continued progress being made by the Municipality to ensure a financially viable institution, which can withstand a certain degree of financial volatility and continue to operate for the benefit of its inhabitants

Government grants and subsidies have also contributed to the significant increase in revenue, resulting from improved capital spend occurring within the Municipality. This is particularly important as it has a direct impact on the lives ELM's constituent community.

ELM is exposed to continued inflationary pressures and continues to attempt to manage these pressures through cost containment initiatives. These on-going initiatives attempt to alleviate any undue pressure being placed on the community through excessive general expenditure.

An area of particular concern is the need to increase spending on the maintenance of ageing infrastructure and other assets so as to enable them to achieve their full estimated useful lives. The Municipality has recognised that it is imperative for additional funding to be provided within the repairs and maintenance budget to address this need.

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

The deficit for the year is R33 527m, before transfers arising from capital, which is an unfavourable variance of R5 272m in comparison to the budgeted deficit of R28 255m.

Total revenue exceeded the expected budget expectations and there was an increase in collection of R1 915m. Or overachievement in collection – as per Section 46 Report.

Income from service charges increased by R6 467m.

Total expenditure totaling R195 833m in comparison to a budget of R188 645m therefore resulting in an unfavorable variance of R7 187m. The largest contributors to this variance were the increase caused by depreciation and impairment expenses of R5 447m (120.7%), and loss on disposal on assets of R5 463m (284.9%).

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description  R thousand	2013/2014									2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Special Adjustments / Unforeseen & Unavoidable	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2		3	4	5	6	7	8	12
<b>Revenue By Source</b>										
Property rates	4 675	(2 700)		1 975	3 218		1 244	163.0%	68.8%	3 194
Property rates - penalties & collection charges	-	-		-	-		-	-	-	-
Service charges - electricity revenue	6 485	671		7 156	8 048		892	112.5%	124.1%	5 662
Service charges - water revenue	3 839	(1 010)		2 829	6 899		4 070	243.8%	179.7%	2 895
Service charges - sanitation revenue	3 412	(181)		3 230	3 739		509	115.8%	109.6%	3 688
Service charges - refuse revenue	4 200	(1 200)		3 000	2 695		(305)	89.8%	64.2%	2 668
Service charges - other	-	-		-	-		-	-	-	-
Rental of facilities and equipment	491	96		586	731		145	124.8%	149.1%	897
Interest earned - external investments	1 516	509		2 025	3 005		980	148.4%	198.2%	2 862
Interest earned - outstanding debtors	4 278	672		4 950	7 834		2 884	158.3%	183.1%	6 439
Dividends received	-	-		-	-		-	-	-	-
Fines	0	(0)		-	115		115	#DIV/0!	115439.5%	1
Licences and permits	220	264		484	383		(101)	79.2%	174.1%	353
Agency services	1 182	18		1 200	61		(1 139)	5.1%	5.2%	93
Transfers recognised - operational	104 225	(5 675)		98 550	98 441		(108)	99.9%	94.5%	85 415
Other revenue	33 128	1 278		34 406	27 135		(7 270)	78.9%	81.9%	21 434
Gains on disposal of PPE	150	(150)		-	-		-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>167 799</b>	<b>(7 409)</b>	<b>-</b>	<b>160 390</b>	<b>162 305</b>		<b>1 915</b>	<b>101.2%</b>	<b>96.7%</b>	<b>135 602</b>
<b>Expenditure By Type</b>										
Employee related costs	39 274	11 044	(2 955)	47 363	47 295	-	(68)	99.9%	120.4%	43 685
Remuneration of councillors	10 297	(556)	71	9 812	9 812	-	-	100.0%	95.3%	9 101
Debt impairment	4 069	(912)	19 295	22 451	19 245	-	(3 207)	85.7%	473.0%	9 539
Depreciation & asset impairment	22 695	(260)	3 821	26 256	31 703	5 447	5 447	120.7%	139.7%	21 451
Finance charges	389	(219)	520	690	690	-	-	100.0%	177.1%	642
Bulk purchases	12 291	3 675	(2 606)	13 360	12 851	-	(510)	96.2%	104.6%	11 232
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	2 051	2 614	(671)	3 994	3 994	-	-	100.0%	194.8%	2 713
Transfers and grants	32 351	(6 737)	(6 153)	19 461	19 462	1	1	100.0%	60.2%	14 886
Other expenditure	65 313	(8 733)	(14 277)	42 303	42 363	61	61	100.1%	64.9%	37 743
Loss on disposal of PPE	-	-	2 955	2 955	8 419	5 463	5 463	284.9%	#DIV/0!	2 744
<b>Total Expenditure</b>	<b>188 730</b>	<b>(85)</b>	<b>(0)</b>	<b>188 645</b>	<b>195 833</b>	<b>10 972</b>	<b>7 187</b>	<b>103.8%</b>	<b>103.8%</b>	<b>153 737</b>
<b>Surplus/(Deficit)</b>	<b>(20 931)</b>	<b>(7 324)</b>		<b>(28 255)</b>	<b>(33 527)</b>		<b>(5 272)</b>	<b>118.7%</b>	<b>160.2%</b>	<b>(18 135)</b>
Transfers recognised - capital	25 917	2 221		28 138	28 198		60	100.2%	108.8%	20 793
Discontinued Operations	-	-	-	-	-		-	-	-	-
Contributions recognised - capital	-	-	-	-	-		-	-	-	-
Contributed assets	-	-	-	-	-		-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>4 986</b>	<b>(5 102)</b>	<b>-</b>	<b>(117)</b>	<b>(5 329)</b>		<b>(5 212)</b>	<b>4566.1%</b>	<b>-106.9%</b>	<b>2 658</b>
Taxation	-	-	-	-	-		-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>4 986</b>	<b>(5 102)</b>	<b>-</b>	<b>(117)</b>	<b>(5 329)</b>		<b>(5 212)</b>	<b>4566.1%</b>	<b>-106.9%</b>	<b>2 658</b>
Attributable to minorities	-	-	-	-	-		-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>4 986</b>	<b>(5 102)</b>	<b>-</b>	<b>(117)</b>	<b>(5 329)</b>		<b>(5 212)</b>	<b>4566.1%</b>	<b>-106.9%</b>	<b>2 658</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-		-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>4 986</b>	<b>(5 102)</b>	<b>-</b>	<b>(117)</b>	<b>(5 329)</b>		<b>(5 212)</b>	<b>4566.1%</b>	<b>-106.9%</b>	<b>2 658</b>

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COMMENT ON FINANCIAL PERFORMANCE:
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#### REVENUE BY SOURCE

##### **Property Rates – penalties and collection charges**

A 163% positive variance was experienced,

##### **Interest earned - external investments**

Investment revenue yielded R980 thousand more than anticipated, due to interest earned on unspent grants invested. This is 48.4% more than budgeted.

##### **Transfers recognised - operational**

A negative variance was experienced of R108 thousand (0.1%) as revenue is recognised when funds are spent or when conditions of the grants are met.

##### **Other revenue**

Other revenue received was R7 270m less than expected, due to subsidy received from the District Municipality which were budgeted under “Grants” and not “Other Income”. The other contributing factor was numerous miscellaneous revenue items, including town planning fees, market income, vehicle registration fees, cemetery fees, grave space sales, tender receipts, etc., realizing less revenue than expected.

#### EXPENDITURE BY TYPE

##### **Debt impairment**

The debt impairment figure is calculated using the approved methodology on the debt book as at 30 June 2015. This figure allows ELM to make a realistic provision taking into account the ageing of the outstanding debtors at year end. The budget for debt impairment is based on the 12 months’ average collection rate. Debt impairment as at 30 June 2015 was 14.3% less than the budget due to the 100% impairment of water and sanitation debtors.

##### **Transfers and grants**

The transfers and grants budget was 100% spent.

##### **Other expenditure**

Other expenditure was R10 393m more than budgeted, largely due to over spending on depreciation (120.7%) and losses on disposal of assets (284.9%).

## 5.2 GRANTS

APPENDIX D - Unaudited EMALAHLENI MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003											
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2013	Corrections Prior year	Restated Balance 1 JULY 2013	Grants Received	Total Grants Available	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2014	Unspent 30 JUNE 2014  Current Liability	Unpaid 30 JUNE 2014  Current Asset
	R	R	R	R	R	R	R	R	R	R	R
<b>National Government Grants</b>	4 057 415	-	4 057 415	119 570 000	123 627 415	-	94 665 090	28 198 256	764 069	764 069	0
Equitable share	-	-	-	78 749 000	78 749 000	-	78 749 000	-	-	-	-
Local Government Financial Management Grant (FMG)	-	-	-	1 650 000	1 650 000	-	1 650 000	-	0	0	-
Municipal Infrastructure Grant (MIG)	2 518 239	-	2 518 239	27 281 000	29 799 239	-	880 090	28 198 256	720 893	720 893	-
Municipal Systems Improvement Grant (MSIG)	-	-	-	890 000	890 000	-	890 000	-	0	0	-
Department of Water affairs and forestry (DWAF)	43 176	-	43 176	-	43 176	-	-	-	43 176	43 176	-
Integrated National Electrification Grant (INEP)	996 000	-	996 000	10 000 000	10 996 000	-	10 996 000	-	0	0	-
Neighbourhood Development Program Grant (NDPG)	-	-	-	-	-	-	-	-	-	-	-
Extended Public Works Program (EPWP)	-	-	-	1 000 000	1 000 000	-	1 000 000	-	(0)	-	0
Town Revitalisation	500 000	-	500 000	-	500 000	-	500 000	-	(0)	-	0
<b>Provincial Government Grants</b>	1 268 621	-	1 268 621	1 032 400	2 301 021	(1 017 968)	2 591 207	-	727 781	727 781	-
Housing Grant	(1 017 968)	-	(1 017 968)	-	(1 017 968)	(1 017 968)	-	-	-	-	-
IDP	-	-	-	-	-	-	-	-	-	-	-
LED	1 760 693	-	1 760 693	229 400	1 990 093	-	1 864 212	-	125 880	125 880	-
Library	525 896	-	525 896	803 000	1 328 896	-	726 995	-	601 901	601 901	-
MSP	-	-	-	-	-	-	-	-	-	-	-
<b>District Municipality Grants</b>	859 917	(90)	859 827	600 000	1 459 827	-	1 185 024	-	274 803	309 487	34 684
Food Program	413 598	-	413 598	-	413 598	-	411 875	-	1 723	1 723	-
Sorghum & Processing	-	-	-	-	-	-	-	-	-	-	-
Planning & Development	90	(90)	-	-	-	-	-	-	-	-	-
Cleaning program	242 413	-	242 413	-	242 413	-	40 532	-	201 881	201 881	-
Revenue Enhancement	153 816	-	153 816	-	153 816	-	97 933	-	55 883	55 883	-
Paving and beautification	-	-	-	500 000	500 000	-	534 684	-	(34 684)	-	34 684
Heritage Grant	-	-	-	100 000	100 000	-	100 000	-	-	-	-
Other	50 000	-	50 000	-	50 000	-	-	-	50 000	50 000	-
<b>Other Grants</b>	(663 023)	-	(663 023)	14 236	(648 786)	(648 786)	-	-	-	-	-
LGSETA	21 627	-	21 627	14 236	35 864	35 864	-	-	-	-	-
Elitheni Coal Mine	(684 650)	-	(684 650)	-	(684 650)	(684 650)	-	-	-	-	-
<b>Total</b>	<b>5 522 929</b>	<b>(90)</b>	<b>5 522 839</b>	<b>121 216 636</b>	<b>126 739 476</b>	<b>(1 666 754)</b>	<b>98 441 321</b>	<b>28 198 256</b>	<b>1 766 653</b>	<b>1 801 337</b>	<b>34 684</b>

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COMMENT ON OPERATING TRANSFERS AND GRANTS:
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T 5.2.2

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:
--

**Infrastructure Skills Development**

ELM is experiencing challenges with regards to attracting suitably technical skilled personnel, which has resulted in the budget not being fully utilized. The Infrastructure Skills Development Grant aims to address this issue and thus enhance service delivery.

**Expanded Public Works Programme**

The EPWP programme is a provincial government initiative to address the high rates of unemployment across the country. Due to the recruitment process having started later in the financial year than normal, ELM has requested funding to be rolled over into 2013/14.

**Housing - Human Settlement Development Grant**

Housing provision is the competency of the Provincial Department of Human Settlement. The municipality assists in managing the process of beneficiary compilation and land acquisition

**Roads Subsidy-Provincial Roads**

**Department of Land Affairs**

ELM acts as an agent for the Department of Land Affairs with regards to land claims. Any payment from this grant needs to be requested by the Department of Land Affairs

T 5.2.4
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5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT
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ELM's Management Team has continued to ensure that a strong asset management function is implemented. The following initiatives and principles were in place during the year under review:



Management recognised the importance of optimal investment into the municipality's asset base and of ensuring that the investment maintained in working capital is kept to a minimum. The credit control policy was actively implemented, so as to encourage consumers to settle amounts owing to the Institution in a timely manner.

COMMENT ON ASSET MANAGEMENT:
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Improving asset management continues to be a focus for ELM, as it is the area from which services are delivered to the inhabitants of the Municipality and subsequently the primary area of revenue generation.

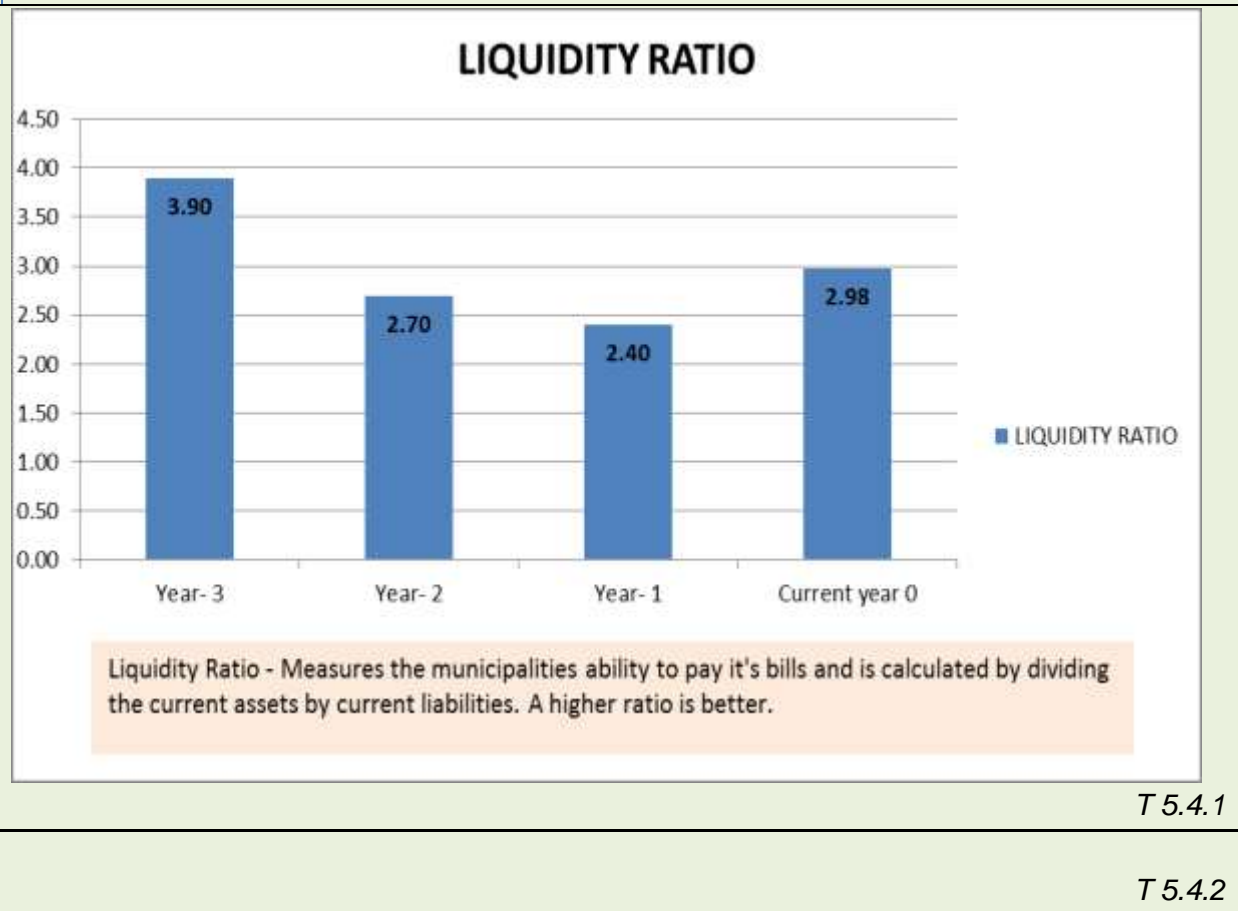
In deciding which projects to implement, the relevant ELM departments undertake needs analyses to establish the communities' priority needs. This information is then fed into the IDP and used to make informed decisions with regards to which assets require prioritisation.

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:
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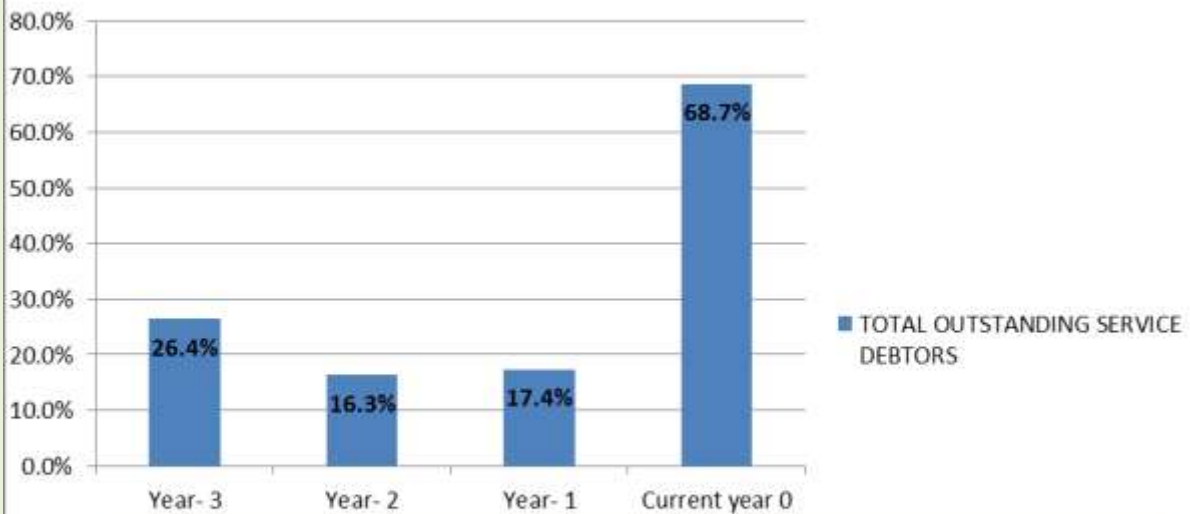
ELM spent R8 712m on repairs and maintenance during the year under review. This was spent primarily on infrastructure maintenance, which reflects an improvement compared to previous years.

The Municipality is budgeting, on average, 40.7% of its service revenue for repairs and maintenance. The allocation has decreased by 8.1% from 2012/13 as the Municipality's objective is to invest less into infrastructure maintenance and upgrading.

#### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



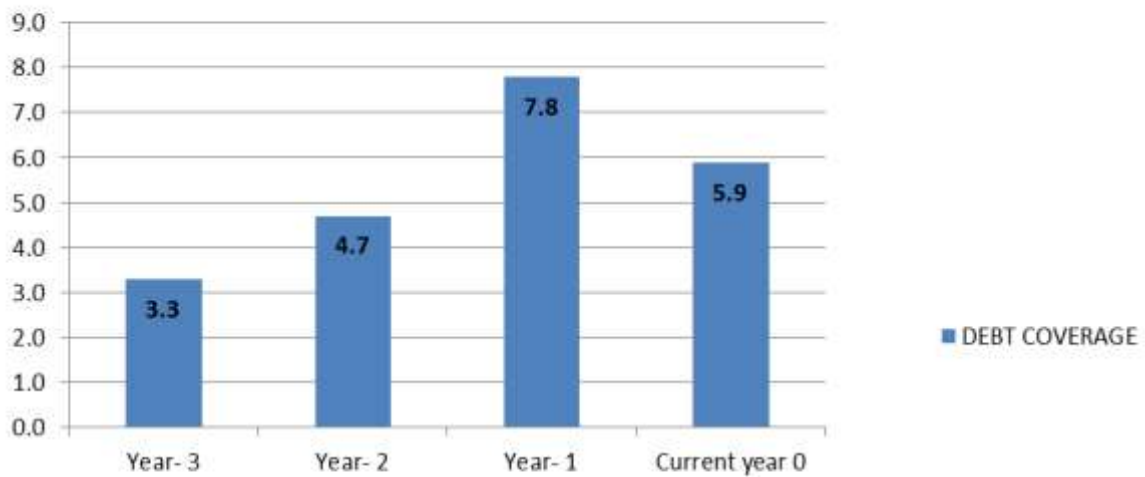
### TOTAL OUTSTANDING SERVICE DEBTORS



Total Outstanding Service Debtors - Measures how much money is still owed by the community for water, electricity, Refuse and Sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

T 5.4.3

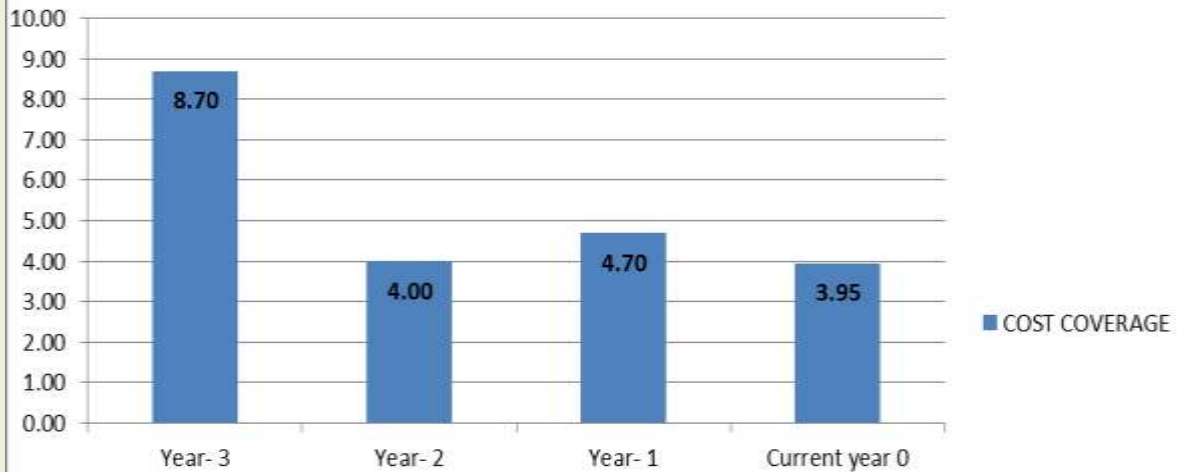
### DEBT COVERAGE



Debt Coverage - The number of times debt payments can be accommodated within Operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the municipality.

T 5.4.4

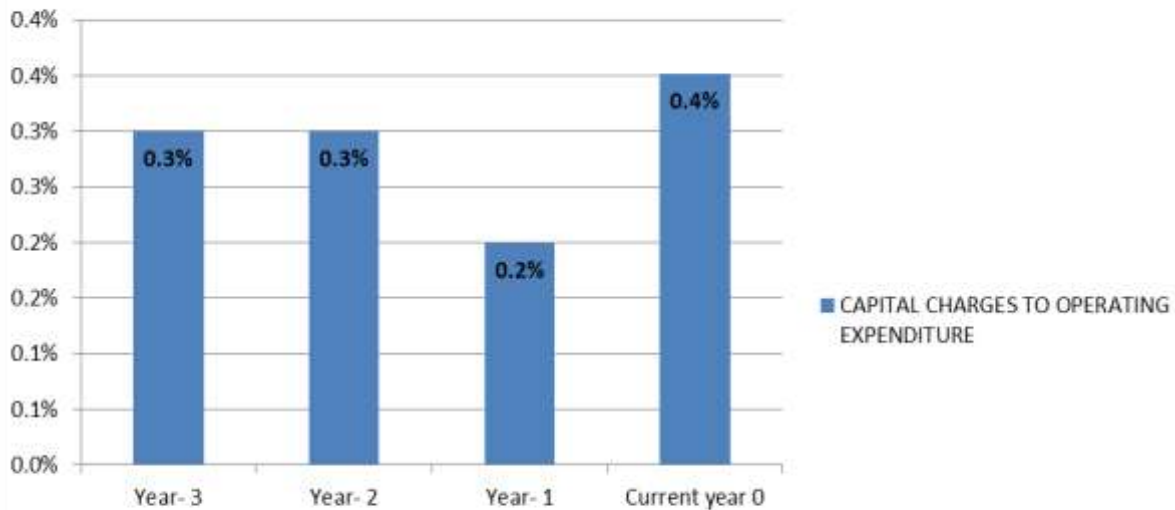
### COST COVERAGE



Cost Coverage representing how many months expenditure can be covered by cash and other liquid assets available to the Municipality. Calculated by dividing (available cash + Investments) by monthly fixed operational expenditure.

T 5.4.5

### CAPITAL CHARGES TO OPERATING EXPENDITURE



Capital charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

COMMENT ON FINANCIAL RATIOS:

**Liquidity Ratio:** The rate of 2.98:1 is regarded as good and indicates the municipality's ability to pay Current Liabilities with available Current Liquid Assets. The norm is set at 1.1 : 1, so the municipality's Liquidity Ratio is better than the Municipal Industry norm.

**Cost Coverage:** This rate has fluctuated over the past 2 years and currently is at 3.95 months, representing how many months expenditure can be covered by cash and other liquid assets available to the Municipality.

**Total Outstanding Service Debtors:** The rate of outstanding debt is steadily increasing. It is currently 68.7 %, which is a marked increase since 2012/2013, when it was 17.4 %. Outstanding debtors continue to be a focus for the Municipality which is continuously implementing methods to decrease this rate to within a manageable range.

**Debt Coverage:** This rate is steadily improving, due primarily to no additional loans having been taken on. Currently the Municipality's rate is 5.9%.

**Creditors System Efficiency:** The Municipality maintains its policy to pay its top 20 creditors within 30 days. The constant 100% payment levels to creditors highlight this achievement.

**Capital Charges to Operating Expenditure:** This rate is steadily improving and is considered to be low. Contributing factors include no new loans having been taken up combined with an increase in Operating Expenditure year-on-year.

**Employee Costs as a percentage of Operating Revenue:** The rate of 25% is lower than the expected norm of 30%.

**Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions):** The rate remains stable at around 14% for the past year.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend.

T 5.5.0

## CAPITAL AND OPERATION BUDGETS

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description  R thousand	2013/2014								2012/2013
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure</b>									
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services	15 556	(5 018)	10 538	11 753	1 215	1 215	112%	76%	6 437
Vote 5 - IPED	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services	10 341	6 422	16 763	12 710	-	(4 053)	76%	123%	-
	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>25 898</b>	<b>1 403</b>	<b>27 301</b>	<b>24 463</b>	<b>1 215</b>	<b>(2 838)</b>	<b>90%</b>	<b>94%</b>	<b>6 437</b>
<b>Single-year expenditure</b>									
Vote 1 - Executive and Council	6 380	(3 540)	2 840	809	-	(2 031)	28%	13%	439
Vote 2 - Budget and Treasury	970	781	1 751	1 648	-	(103)	94%	170%	672
Vote 3 - Corporate Services	140	-	140	133	-	(7)	95%	95%	159
Vote 4 - Community and Social Services	940	956	1 896	682	-	(1 214)	36%	73%	1 154
Vote 5 - IPED	2 784	(35)	2 749	1 597	-	(1 152)	58%	57%	135
Vote 6 - Technical Services	2 630	4 702	7 332	7 770	438	438	106%	295%	8 074
	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure</b>	<b>13 844</b>	<b>2 864</b>	<b>16 708</b>	<b>12 638</b>	<b>438</b>	<b>(4 070)</b>	<b>76%</b>	<b>91%</b>	<b>10 633</b>
<b>Total Capital Expenditure - Vote</b>	<b>39 742</b>	<b>4 267</b>	<b>44 009</b>	<b>37 101</b>	<b>1 653</b>	<b>(6 908)</b>	<b>84%</b>	<b>93%</b>	<b>17 070</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>7 490</b>	<b>(2 759)</b>	<b>4 731</b>	<b>2 590</b>	<b>-</b>	<b>(2 141)</b>	<b>55%</b>	<b>35%</b>	<b>1 522</b>
Executive and council	6 380	(3 540)	2 840	809	-	(2 031)	28%	13%	439
Budget and treasury office	970	781	1 751	1 648	-	(103)	94%	170%	672
Corporate services	140	-	140	133	-	(7)	95%	95%	411
<b>Community and public safety</b>	<b>11 496</b>	<b>(1 882)</b>	<b>9 614</b>	<b>8 465</b>	<b>354</b>	<b>(1 149)</b>	<b>88%</b>	<b>74%</b>	<b>7 591</b>
Community and social services	2 814	1 546	4 360	2 857	-	(1 503)	66%	102%	2 689
Sport and recreation	6 892	(2 838)	4 054	4 333	279	279	107%	63%	4 902
Public safety	1 790	(590)	1 200	1 275	75	75	106%	71%	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>15 756</b>	<b>11 089</b>	<b>26 844</b>	<b>22 077</b>	<b>-</b>	<b>(4 767)</b>	<b>82%</b>	<b>140%</b>	<b>7 951</b>
Planning and development	2 784	(35)	2 749	1 597	-	(1 152)	58%	57%	135
Road transport	12 971	11 124	24 095	20 480	-	(3 615)	85%	158%	7 816
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>5 000</b>	<b>(2 180)</b>	<b>2 820</b>	<b>3 970</b>	<b>1 150</b>	<b>1 150</b>	<b>141%</b>	<b>79%</b>	<b>5</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	5
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	5 000	(2 180)	2 820	3 970	1 150	1 150	141%	79%	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>39 742</b>	<b>4 267</b>	<b>44 009</b>	<b>37 101</b>	<b>1 504</b>	<b>(6 908)</b>	<b>84%</b>	<b>93%</b>	<b>17 070</b>

## 5.5 SOURCES OF FINANCE

<b>Funded by:</b>									
National Government	25 917	2 221	28 138	26 083		(2 055)	93%	101%	15 177
Provincial Government	-	-	-	-		-	-	-	-
District Municipality	-	-	-	-		-	-	-	-
Other transfers and grants	-	-	-	-		-	-	-	-
<b>Transfers recognised - capital</b>	<b>25 917</b>	<b>2 221</b>	<b>28 138</b>	<b>26 083</b>		<b>(2 055)</b>	<b>93%</b>	<b>101%</b>	<b>15 177</b>
Public contributions & donations	-	-	-	-		-	-	-	238
Borrowing	-	-	-	-		-	-	-	-
Internally generated funds	13 825	2 046	15 871	11 018		(4 853)	69%	80%	1 655
<b>Total Capital Funding</b>	<b>39 742</b>	<b>4 267</b>	<b>44 009</b>	<b>37 101</b>		<b>(6 908)</b>	<b>84%</b>	<b>93%</b>	<b>17 070</b>

## COMMENT ON SOURCES OF FUNDING:

Grants and subsidies continue to comprise the most significant portion of the funding utilised for capital expenditure. The largest being the National Government, which is focused on developing new urban areas for habitation. This Grant is utilised to ensure service infrastructure is installed in new areas so as to allow for housing developments in these strategic areas.

## 6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>7 490</b>	<b>(2 759)</b>	<b>4 731</b>	<b>2 590</b>	<b>-</b>	<b>(2 141)</b>	<b>55%</b>	<b>35%</b>	<b>1 522</b>
Executive and council	6 380	(3 540)	2 840	809	-	(2 031)	28%	13%	439
Budget and treasury office	970	781	1 751	1 648	-	(103)	94%	170%	672
Corporate services	140	-	140	133	-	(7)	95%	95%	411
<b>Community and public safety</b>	<b>11 496</b>	<b>(1 882)</b>	<b>9 614</b>	<b>8 465</b>	<b>354</b>	<b>(1 149)</b>	<b>88%</b>	<b>74%</b>	<b>7 591</b>
Community and social services	2 814	1 546	4 360	2 857	-	(1 503)	66%	102%	2 689
Sport and recreation	6 892	(2 838)	4 054	4 333	279	279	107%	63%	4 902
Public safety	1 790	(590)	1 200	1 275	75	75	106%	71%	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>15 756</b>	<b>11 089</b>	<b>26 844</b>	<b>22 077</b>	<b>-</b>	<b>(4 767)</b>	<b>82%</b>	<b>140%</b>	<b>7 951</b>
Planning and development	2 784	(35)	2 749	1 597	-	(1 152)	58%	57%	135
Road transport	12 971	11 124	24 095	20 480	-	(3 615)	85%	158%	7 816
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>5 000</b>	<b>(2 180)</b>	<b>2 820</b>	<b>3 970</b>	<b>1 150</b>	<b>1 150</b>	<b>141%</b>	<b>79%</b>	<b>5</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	5
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	5 000	(2 180)	2 820	3 970	1 150	1 150	141%	79%	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>39 742</b>	<b>4 267</b>	<b>44 009</b>	<b>37 101</b>	<b>1 504</b>	<b>(6 908)</b>	<b>84%</b>	<b>93%</b>	<b>17 070</b>

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## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Managing the cash resources of ELM remains a key requirement to ensure the liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored by ELM, with daily cash flows being prepared and reported on in order to provide a clear indication of the current cash position. This enables the Municipality to meet its obligations as they become due. Both major revenue (grants, equitable share and high revenue inflow periods, etc.) and expenditure (bulk purchases and loan repayments, etc.) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn a favourable return on investment.

ELM's cash generating ability remains stable. While own funds invested have increased, there is an increase in both current and long-term debtors. The effects of the global economic crisis are also a cause of real concern to the Municipality. Operations have settled and tight cash controls have ensured that cash optimization in spending occurs, rather than a focus on cash generation. The area of revenue collection requires close attention so that it can be improved. This is critical to the financial sustainability of the Municipality.

ELM makes payments to creditors within the terms specified by suppliers, ensuring that investments remain in place in order to maximize the interest-earning potential of any surplus funds. Investment diversification is in practice at ELM, in an attempt to minimize risk and maximize interest earning potential.

Operating activities have not changed significantly over the past financial year.

The cash flow summary clearly indicates the increase/decrease in Cash and Cash Equivalent at the year-end: from R53 115 million in 2012/13 to R 50 993 million in 2013/14. As mentioned above, some of the key factors that have resulted in the increase include new grants being allocated to the Municipality and under spending.

Unspent conditional grants have increased/decreased significantly to R 1 767 million, from R 5 523 million in 2012/2013.



## 5.9 CASHFLOWS

EMALAHLENI MUNICIPALITY					
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS					
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014					
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET					
	2014 R	2014 R	2014 R		Explanations for material variances more than 10% of a specific line-item with a minimum of R1 million
	(Actual)	(Final Budget)	(Variance)	%	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Ratepayers and other	30 067 605	54 865 978	(24 798 373)	-45%	Increase in Service Charges
Government - operating	98 441 321	98 549 737	(108 416)	0%	Grants and Subsidies were not utilized in full
Government - capital	22 739 451	28 138 189	(5 398 738)	-19%	Grants and Subsidies were not utilized in full
Interest	10 838 533	6 974 919	3 863 614	55%	More investments were made during the year
Dividends	-	-	-		
<b>Payments</b>					
Suppliers and Employees	(69 422 852)	(91 153 890)	21 731 038	-24%	Payments on Suppliers were wrongly budget for
Employees	(47 319 163)	(40 295 071)	(7 024 092)	17%	
Councillors	(9 811 645)	(8 977 258)	(834 387)	9%	
Finance charges	(137 297)	(170 000)	32 703	-19%	Interest were more for Employee Benefits Provision
Transfers and Grants	-	(25 614 183)	25 614 183	-100%	Were utilized under Ratepayers for indigents
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>35 395 953</b>	<b>22 318 420</b>	<b>-</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of Assets	-	-	-		
Decrease/(increase) in non-current receivables	-	-	-		
Decrease/(increase) in non-current investments	-	-	-	0%	No transfer of investments
<b>Payments</b>					
Capital assets	(37 101 365)	(43 709 000)	6 607 635	-15%	Less Capital grants were utilized
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(37 101 365)</b>	<b>(43 709 000)</b>	<b>6 607 635</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing	-	-	-		
Increase/(decrease) in consumer deposits	(110 146)	-	(110 146)	0%	Were not budget for
<b>Payments</b>					
Repayment of borrowing	(306 352)	-	(306 352)	0%	Were not budget for
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(416 499)</b>	<b>-</b>	<b>-416 499</b>		
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(2 121 910)</b>	<b>(21 390 580)</b>	<b>6 191 136</b>		
Cash and Cash Equivalents at the beginning of the year	53 115 160	53 115 160	0	0%	
Cash and Cash Equivalents at the end of the year	50 993 250	31 724 580	19 268 669	61%	Less Grants were utilized and are invested.

## COMMENT ON CASH FLOW OUTCOMES:

Interest earned

More investment were made due to healthy cash flow

Finance Charges

Finance charges are insignificant as no new loans were taken

Cash and Cash Equivalents

Variance due to conservative cash flow budgeting

## 5.10 BORROWING AND INVESTMENTS

## INTRODUCTION TO BORROWING AND INVESTMENTS

The Municipality's current loans balance, is zero as all loans have been

The Municipality's investments held with financial institutions have decreased from R53million, to R50 million in 2013/14.

## Reconciliation of Table A7 Budgeted Cash Flows

Description  R thousand	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	38 260	16 606	54 866	30 068	(24 798)	54.8%	78.6%	23 415
Government - operating	125 636	(27 086)	98 550	98 441	(108)	99.9%	78.4%	85 415
Government - capital	25 917	2 221	28 138	22 739	(5 399)	80.8%	87.7%	23 095
Interest	5 793	1 182	6 975	10 839	3 864	155.4%	187.1%	9 333
Dividends	-	-	-	-	-	-	-	-
<b>Payments</b>								
Suppliers and employees	(156 880)	16 454	(140 426)	(126 554)	13 873	90.1%	80.7%	(116 588)
Finance charges	(389)	219	(170)	(137)	33	80.8%	35.3%	(219)
Transfers and Grants	(6 587)	(19 027)	(25 614)	-	25 614	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>31 749</b>	<b>(9 431)</b>	<b>22 318</b>	<b>35 396</b>	<b>13 078</b>	<b>158.6%</b>	<b>111.5%</b>	<b>24 451</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	207
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	8 000	(8 000)	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(39 742)	(3 967)	(43 709)	(37 101)	6 608	84.9%	93.4%	(17 070)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(31 742)</b>	<b>(11 967)</b>	<b>(43 709)</b>	<b>(37 101)</b>	<b>6 608</b>	<b>84.9%</b>	<b>116.9%</b>	<b>(16 864)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	(306)	(306)	#DIV/0!	#DIV/0!	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	9
<b>Payments</b>								
Repayment of borrowing	-	-	-	(110)	(110)	#DIV/0!	#DIV/0!	(545)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(416)</b>	<b>(416)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>(536)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>8</b>	<b>(21 398)</b>	<b>(21 391)</b>	<b>(2 122)</b>				<b>7 051</b>
Cash/cash equivalents at the year begin:	42 953	10 162	53 115	53 115				46 064
Cash/cash equivalents at the year end:	42 961	(11 236)	31 725	50 993	19 269	160.7%	118.7%	53 115

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## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The primary role of a municipality is to provide and facilitate the delivery of services to its communities. It is therefore imperative for the municipality to understand the extent to which households in its areas of jurisdiction have access to the various services that are essential for their livelihood. A COMPREHENSIVE INFRASTRUCTURES PLAN (CIP) was developed with assistance with the province. However, a review of the existing CIP requires a thorough review that will be informed by the current statistical data.

The CIP is used to influenced for baseline data and informing the projects to be implemented. Furthermore ELM has made a decision to develop an inclusive Infrastructure Investment Plan. ELM currently utilizes various sector plans to plan for infrastructure planning and investment. These plans are; Housing Sector Plan, Water Service Delivery Plan, Infrastructure Asset Maintenance Plan, Electricity Master Plan.

#### COMMENT ON BACKLOGS:

The current reality analysis has shown that the municipality is faced with a daunting challenge marked by huge backlogs in service delivery, socio-economic problems of high unemployment and poverty levels. Solutions to these challenges can potentially be in conflict with or complement each other. For this reason, it is necessary for the municipality to have a macro strategy that will guide decision making when there are conflicting strategic options and also provide a basis for the allocation of scarce resources.

## COMPONENT D: OTHER FINANCIAL MATTERS

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### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

##### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Other Financial Matters

The Annual Financial Statements reflect the continued progress being made by the Municipality to ensure a financially viable institution, which can withstand a certain degree of financial volatility and continue to operate for the benefit of its inhabitants

Government grants and subsidies have also contributed to the significant increase in revenue, resulting from improved capital spend occurring within the Municipality. This is particularly important as it has a direct impact on the lives ELM's constituent community.

ELM is exposed to continued inflationary pressures and continues to attempt to manage these pressures through cost containment initiatives. These on-going initiatives attempt to alleviate any undue pressure being placed on the community through excessive general expenditure.

An area of particular concern is the need to increase spending on the maintenance of ageing infrastructure and other assets so as to enable them to achieve their full estimated useful lives. The Municipality has recognised that it is imperative for additional funding to be provided within the repairs and maintenance budget to address this need.

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

The deficit for the year is R33 527m, before transfers arising from capital, which is a unfavourable variance of R5 272m in comparison to the budgeted deficit of R28 255m.

Total revenue exceeded the expected budget expectations and there was an increase in collection of R1 915m. Or overachievement in collection – as per S46 report.

Income from service charges increased by R6 467m.

Total expenditure totalling R195 833m in comparison to a budget of R188 645m, thus resulting in an unfavourable variance of R7 187m. The largest contributors to this variance were the increase caused by depreciation & impairment expenses of R5 447m (120.7%), and loss on disposal on assets of R5 463m (284.9%).

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5.1 STATEMENTS OF FINANCIAL PERFORMANCE

## Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2013/2014									2012/2013
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Special Adjustments / Unforeseen & Unavoidable	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2		3	4	5	6	7	8	12
<b>Revenue By Source</b>										
Property rates	4 675	(2 700)		1 975	3 218		1 244	163.0%	68.8%	3 194
Property rates - penalties & collection charges	-	-		-	-		-	-	-	-
Service charges - electricity revenue	6 485	671		7 156	8 048		892	112.5%	124.1%	5 662
Service charges - water revenue	3 839	(1 010)		2 829	6 899		4 070	243.8%	179.7%	2 895
Service charges - sanitation revenue	3 412	(181)		3 230	3 739		509	115.8%	109.6%	3 688
Service charges - refuse revenue	4 200	(1 200)		3 000	2 695		(305)	89.8%	64.2%	2 668
Service charges - other	-	-		-	-		-	-	-	-
Rental of facilities and equipment	491	96		586	731		145	124.8%	149.1%	897
Interest earned - external investments	1 516	509		2 025	3 005		980	148.4%	198.2%	2 862
Interest earned - outstanding debtors	4 278	672		4 950	7 834		2 884	158.3%	183.1%	6 439
Dividends received	-	-		-	-		-	-	-	-
Fines	0	(0)		-	115		115	#DIV/0!	115439.5%	1
Licences and permits	220	264		484	383		(101)	79.2%	174.1%	353
Agency services	1 182	18		1 200	61		(1 139)	5.1%	5.2%	93
Transfers recognised - operational	104 225	(5 675)		98 550	98 441		(108)	99.9%	94.5%	85 415
Other revenue	33 128	1 278		34 406	27 135		(7 270)	78.9%	81.9%	21 434
Gains on disposal of PPE	150	(150)		-	-		-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>167 799</b>	<b>(7 409)</b>	<b>-</b>	<b>160 390</b>	<b>162 305</b>		<b>1 915</b>	<b>101.2%</b>	<b>96.7%</b>	<b>135 602</b>
<b>Expenditure By Type</b>										
Employee related costs	39 274	11 044	(2 955)	47 363	47 295	-	(68)	99.9%	120.4%	43 685
Remuneration of councillors	10 297	(556)	71	9 812	9 812	-	-	100.0%	95.3%	9 101
Debt impairment	4 069	(912)	19 295	22 451	19 245	-	(3 207)	85.7%	473.0%	9 539
Depreciation & asset impairment	22 695	(260)	3 821	26 256	31 703	5 447	5 447	120.7%	139.7%	21 451
Finance charges	389	(219)	520	690	690	-	-	100.0%	177.1%	642
Bulk purchases	12 291	3 675	(2 606)	13 360	12 851	-	(510)	96.2%	104.6%	11 232
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	2 051	2 614	(671)	3 994	3 994	-	-	100.0%	194.8%	2 713
Transfers and grants	32 351	(6 737)	(6 153)	19 462	19 462	1	1	100.0%	60.2%	14 886
Other expenditure	65 313	(8 733)	(14 277)	42 303	42 363	61	61	100.1%	64.9%	37 743
Loss on disposal of PPE	-	-	2 955	2 955	8 419	5 463	5 463	284.9%	#DIV/0!	2 744
<b>Total Expenditure</b>	<b>188 730</b>	<b>(85)</b>	<b>(0)</b>	<b>188 645</b>	<b>195 833</b>	<b>10 972</b>	<b>7 187</b>	<b>103.8%</b>	<b>103.8%</b>	<b>153 737</b>
<b>Surplus/(Deficit)</b>	<b>(20 931)</b>	<b>(7 324)</b>		<b>(28 255)</b>	<b>(33 527)</b>		<b>(5 272)</b>	<b>118.7%</b>	<b>160.2%</b>	<b>(18 135)</b>
Transfers recognised - capital	25 917	2 221		28 138	28 198		60	100.2%	108.8%	20 793
Discontinued Operations	-	-	-	-	-		-	-	-	-
Contributions recognised - capital	-	-		-	-		-	-	-	-
Contributed assets	-	-		-	-		-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>4 986</b>	<b>(5 102)</b>	<b>-</b>	<b>(117)</b>	<b>(5 329)</b>		<b>(5 212)</b>	<b>4566.1%</b>	<b>-106.9%</b>	<b>2 658</b>
Taxation	-	-		-	-		-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>4 986</b>	<b>(5 102)</b>	<b>-</b>	<b>(117)</b>	<b>(5 329)</b>		<b>(5 212)</b>	<b>4566.1%</b>	<b>-106.9%</b>	<b>2 658</b>
Attributable to minorities	-	-		-	-		-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>4 986</b>	<b>(5 102)</b>	<b>-</b>	<b>(117)</b>	<b>(5 329)</b>		<b>(5 212)</b>	<b>4566.1%</b>	<b>-106.9%</b>	<b>2 658</b>
Share of surplus/ (deficit) of associate	-	-		-	-		-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>4 986</b>	<b>(5 102)</b>	<b>-</b>	<b>(117)</b>	<b>(5 329)</b>		<b>(5 212)</b>	<b>4566.1%</b>	<b>-106.9%</b>	<b>2 658</b>

COMMENT ON FINANCIAL PERFORMANCE:
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#### REVENUE BY SOURCE

##### **Property Rates – penalties & collection charges**

A 163% positive variance was experienced,

##### **Interest earned - external investments**

Investment revenue yielded R980 thousand more than anticipated, due to interest earned on unspent grants invested. This is 48.4% more than budgeted.

##### **Transfers recognised - operational**

A negative variance was experienced of R108 thousand (0.1%) as revenue is recognised when funds are spent or when conditions of the grants are met.

##### **Other revenue**

Other revenue received was R7 270m less than expected, due to subsidy received from the District Municipality which were budgeted under “Grants” and not “Other Income”. The other contributing factor was numerous miscellaneous revenue items, including town planning fees, market income, vehicle registration fees, cemetery fees, grave space sales, tender receipts, etc., realising less revenue than expected.

#### EXPENDITURE BY TYPE

##### **Debt impairment**

The debt impairment figure is calculated using the approved methodology on the debt book as at 30 June 2015. This figure allows ELM to make a realistic provision taking into account the ageing of the outstanding debtors at year end. The budget for debt impairment is based on the 12 months’ average collection rate. Debt impairment as at 30 June 2015 was 14.3% less than the budget due to the 100% impairment of water and sanitation debtors.

##### **Transfers and grants**

The transfers and grants budget was 100% spent.

##### **Other expenditure**

Other expenditure was R10 393m more than budgeted, largely due to over spending on depreciation (120.7%) and losses on disposal of assets (284.9%).

## 5.2 GRANTS

APPENDIX D - Unaudited EMALAHLENI MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003											
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2013	Corrections Prior year	Restated Balance 1 JULY 2013	Grants Received	Total Grants Available	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2014	Unspent 30 JUNE 2014  Current Liability	Unpaid 30 JUNE 2014  Current Asset
	R	R	R	R	R	R	R	R	R	R	R
<b>National Government Grants</b>	<b>4 057 415</b>	<b>-</b>	<b>4 057 415</b>	<b>119 570 000</b>	<b>123 627 415</b>	<b>-</b>	<b>94 665 090</b>	<b>28 198 256</b>	<b>764 069</b>	<b>764 069</b>	<b>0</b>
Equitable share	-	-	-	78 749 000	78 749 000	-	78 749 000	-	-	-	-
Local Government Financial Management Grant (FMG)	-	-	-	1 650 000	1 650 000	-	1 650 000	-	0	0	-
Municipal Infrastructure Grant (MIG)	2 518 239	-	2 518 239	27 281 000	29 799 239	-	880 090	28 198 256	720 893	720 893	-
Municipal Systems Improvement Grant (MSIG)	-	-	-	890 000	890 000	-	890 000	-	0	0	-
Department of Water affairs and forestry (DWAF)	43 176	-	43 176	-	43 176	-	-	-	43 176	43 176	-
Integrated National Electrification Grant (INEP)	996 000	-	996 000	10 000 000	10 996 000	-	10 996 000	-	0	0	-
Neighbourhood Development Program Grant (NDPG)	-	-	-	-	-	-	-	-	-	-	-
Extended Public Works Program (EPWP)	-	-	-	1 000 000	1 000 000	-	1 000 000	-	(0)	-	0
Town Revitalisation	500 000	-	500 000	-	500 000	-	500 000	-	(0)	-	0
<b>Provincial Government Grants</b>	<b>1 268 621</b>	<b>-</b>	<b>1 268 621</b>	<b>1 032 400</b>	<b>2 301 021</b>	<b>(1 017 968)</b>	<b>2 591 207</b>	<b>-</b>	<b>727 781</b>	<b>727 781</b>	<b>-</b>
Housing Grant	(1 017 968)	-	(1 017 968)	-	(1 017 968)	(1 017 968)	-	-	-	-	-
IDP	-	-	-	-	-	-	-	-	-	-	-
LED	1 760 693	-	1 760 693	229 400	1 990 093	-	1 864 212	-	125 880	125 880	-
Library	525 896	-	525 896	803 000	1 328 896	-	726 995	-	601 901	601 901	-
MSP	-	-	-	-	-	-	-	-	-	-	-
<b>District Municipality Grants</b>	<b>859 917</b>	<b>(90)</b>	<b>859 827</b>	<b>600 000</b>	<b>1 459 827</b>	<b>-</b>	<b>1 185 024</b>	<b>-</b>	<b>274 803</b>	<b>309 487</b>	<b>34 684</b>
Food Program	413 598	-	413 598	-	413 598	-	411 875	-	1 723	1 723	-
Sorghum & Processing	-	-	-	-	-	-	-	-	-	-	-
Planning & Development	90	(90)	-	-	-	-	-	-	-	-	-
Cleaning program	242 413	-	242 413	-	242 413	-	40 532	-	201 881	201 881	-
Revenue Enhancement	153 816	-	153 816	-	153 816	-	97 933	-	55 883	55 883	-
Paving and beautification	-	-	-	500 000	500 000	-	534 684	-	(34 684)	-	34 684
Heritage Grant	-	-	-	100 000	100 000	-	100 000	-	-	-	-
Other	50 000	-	50 000	-	50 000	-	-	-	50 000	50 000	-
<b>Other Grants</b>	<b>(663 023)</b>	<b>-</b>	<b>(663 023)</b>	<b>14 236</b>	<b>(648 786)</b>	<b>(648 786)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
LGSETA	21 627	-	21 627	14 236	35 864	35 864	-	-	-	-	-
Elitheni Coal Mine	(684 650)	-	(684 650)	-	(684 650)	(684 650)	-	-	-	-	-
<b>Total</b>	<b>5 522 929</b>	<b>(90)</b>	<b>5 522 839</b>	<b>121 216 636</b>	<b>126 739 476</b>	<b>(1 666 754)</b>	<b>98 441 321</b>	<b>28 198 256</b>	<b>1 766 653</b>	<b>1 801 337</b>	<b>34 684</b>

COMMENT ON OPERATING TRANSFERS AND GRANTS:

T 5.2.2

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER  
SOURCES:



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### **Infrastructure Skills Development**

ELM is experiencing challenges with regards to attracting suitably technical skilled personnel, which has resulted in the budget not being fully utilized. The Infrastructure Skills Development Grant aims to address this issue and thus enhance service delivery.

### **Expanded Public Works Programme**

The EPWP programme is a provincial government initiative to address the high rates of unemployment across the country. Due to the recruitment process having started later in the financial year than normal, ELM has requested funding to be rolled over into 2013/14.

### **Housing - Human Settlement Development Grant**

Housing provision is the competency of the Provincial Department of Human Settlement. The municipality assists in managing the process of beneficiary compilation and land acquisition

### **Roads Subsidy-Provincial Roads**

### **Department of Land Affairs**

ELM acts as an agent for the Department of Land Affairs with regards to land claims. Any payment from this grant needs to be requested by the Department of Land Affairs

T 5.2.4
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## **5.3 ASSET MANAGEMENT**

INTRODUCTION TO ASSET MANAGEMENT
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ELM's Management Team has continued to ensure that a strong asset management function is implemented. The following initiatives and principles were in place during the year under review:

Management recognised the importance of optimal investment into the municipality's asset base and of ensuring that the investment maintained in working capital is kept to a minimum.

The credit control policy was actively implemented, so as to encourage consumers to settle amounts owing to the Institution in a timely manner.

COMMENT ON ASSET MANAGEMENT:

Improving asset management continues to be a focus for ELM, as it is the area from which services are delivered to the inhabitants of the Municipality and subsequently the primary area of revenue generation.

In deciding which projects to implement, the relevant ELM departments undertake needs analyses to establish the communities' priority needs. This information is then fed into the IDP and used to make informed decisions with regards to which assets require prioritisation.

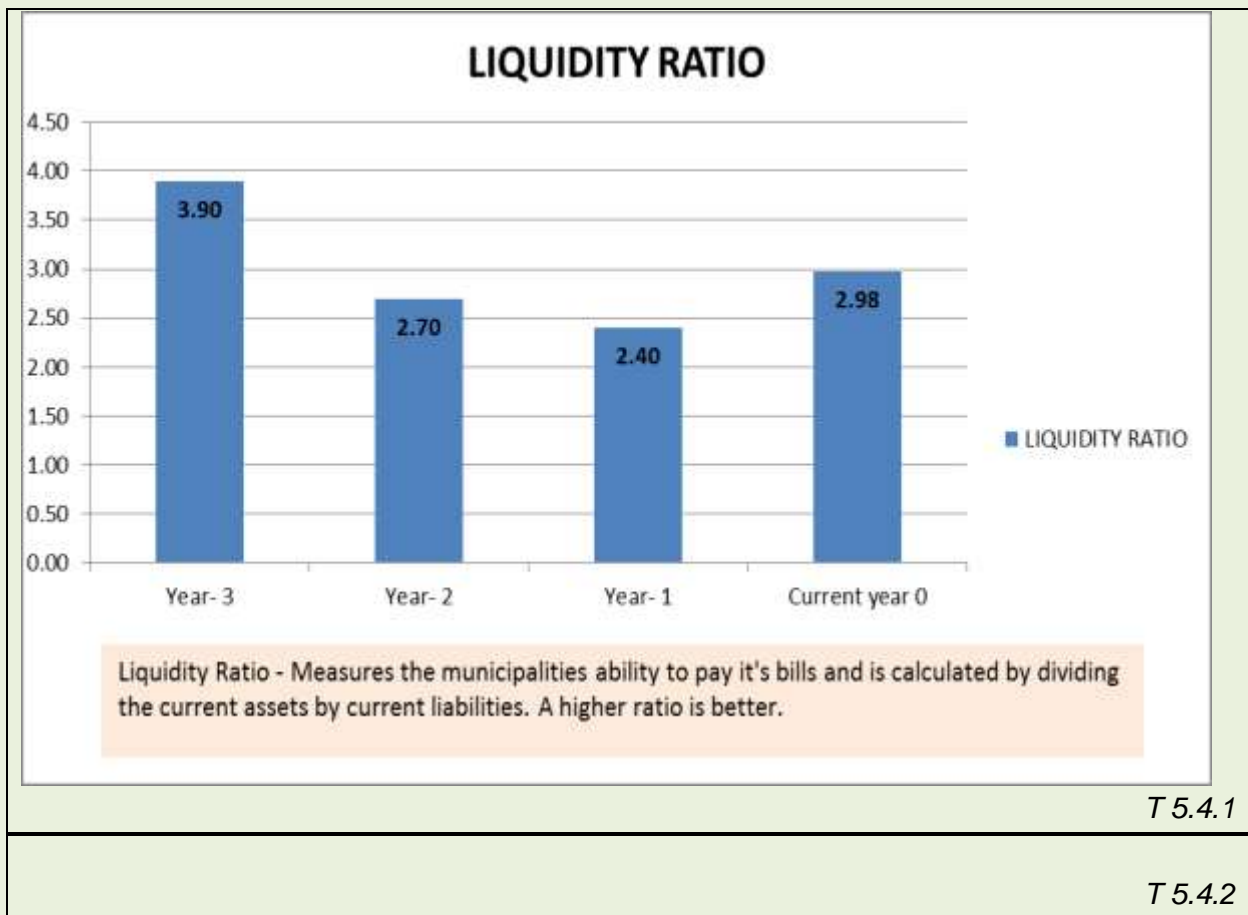
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

ELM spent R8 712m on repairs and maintenance during the year under review. This was spent primarily on infrastructure maintenance, which reflects an improvement compared to previous years.

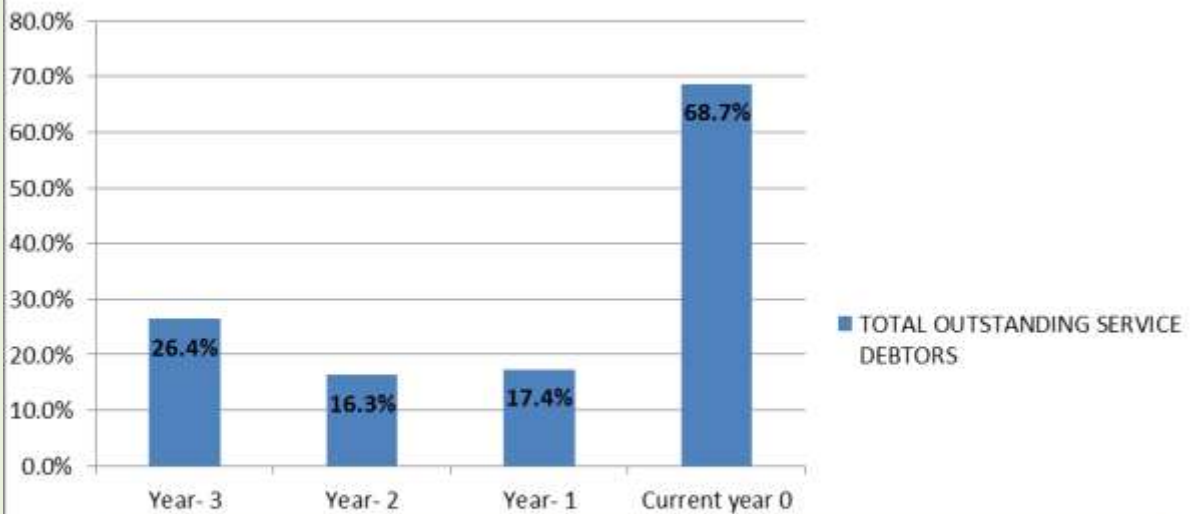
The Municipality is budgeting, on average, 40.7% of its service revenue for repairs and maintenance. The allocation has decreased by 8.1% from 2012/13 as the Municipality's objective is to invest less into infrastructure maintenance and upgrading.

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5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



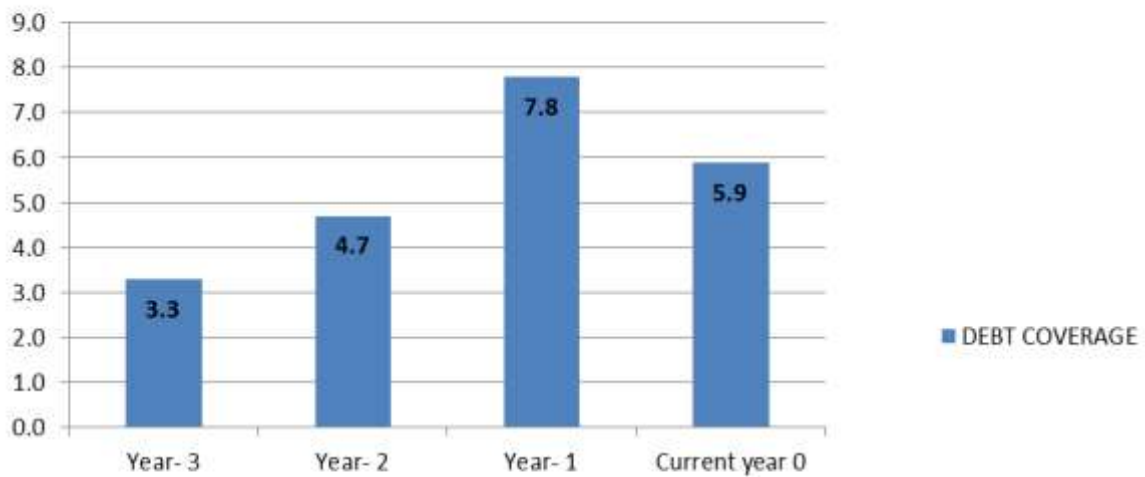
### TOTAL OUTSTANDING SERVICE DEBTORS



Total Outstanding Service Debtors - Measures how much money is still owed by the community for water, electricity, Refuse and Sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

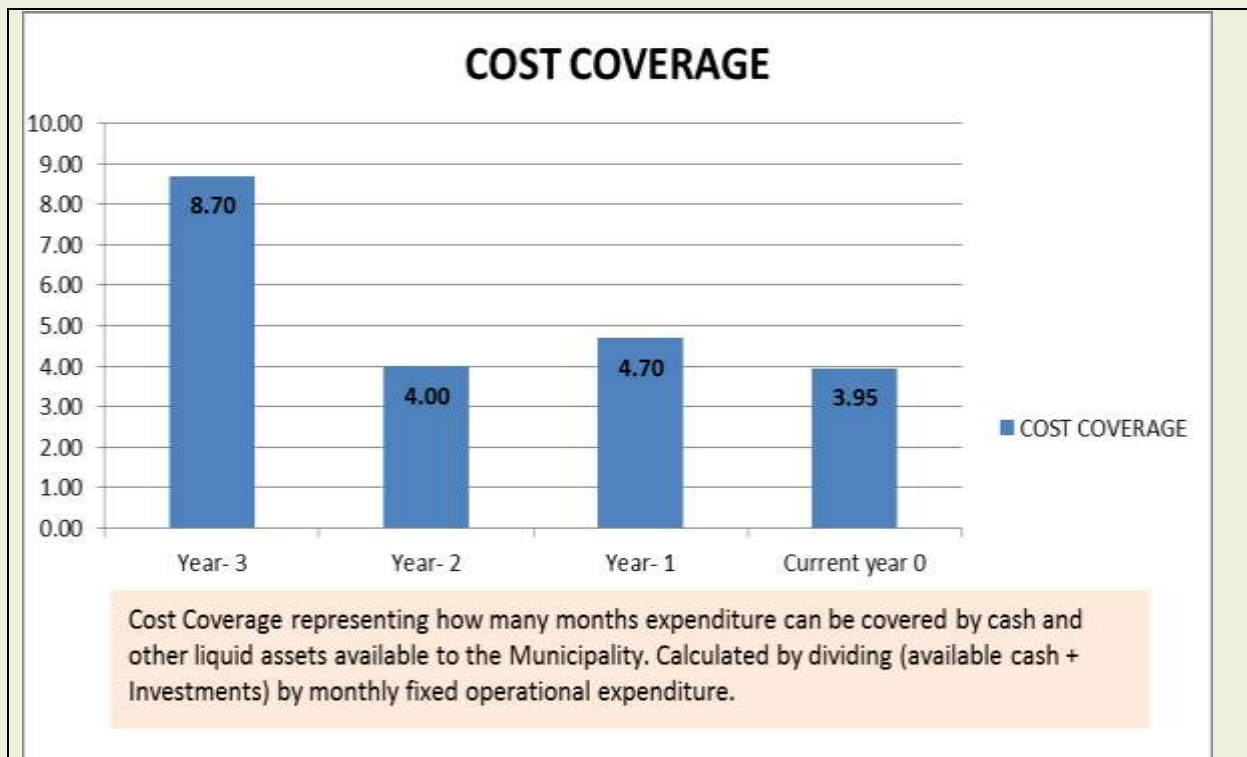
T 5.4.3

### DEBT COVERAGE

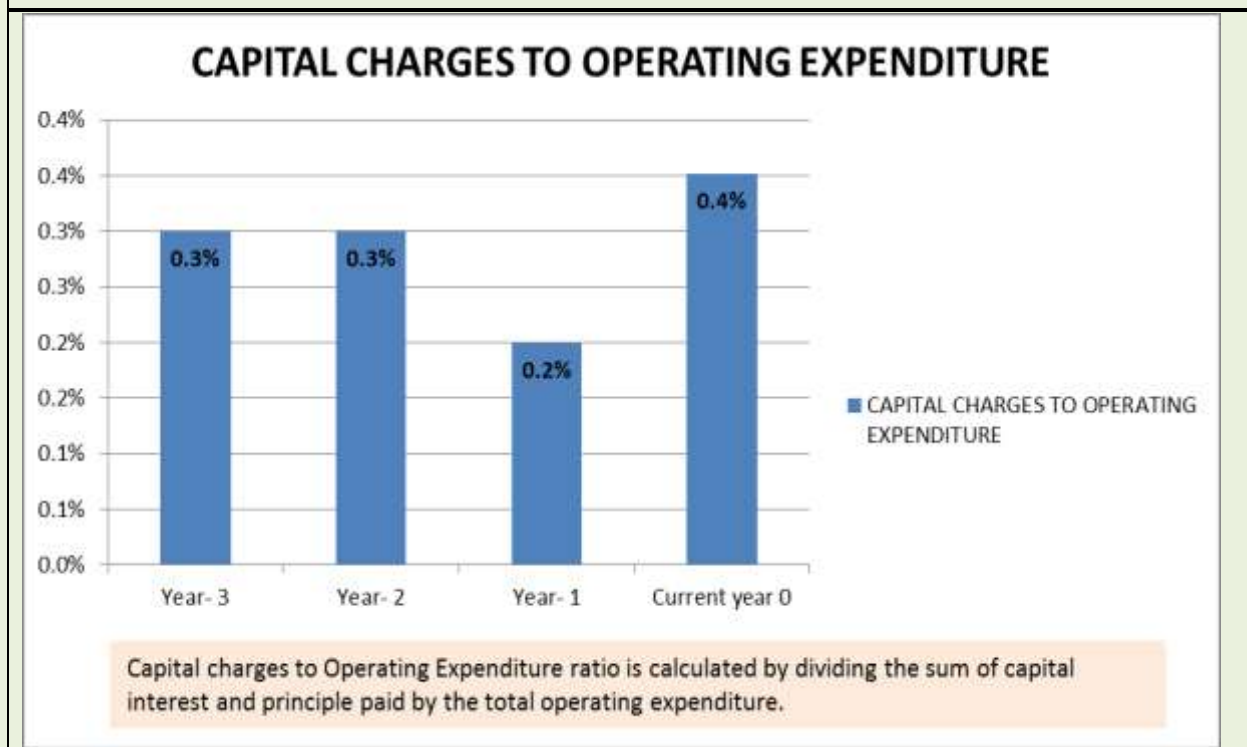


Debt Coverage - The number of times debt payments can be accommodated within Operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the municipality.

T 5.4.4



T 5.4.5



COMMENT ON FINANCIAL RATIOS:

**Liquidity Ratio:** The rate of 2.98:1 is regarded as good and indicates the municipality's ability to pay Current Liabilities with available Current Liquid Assets. The norm is set at 1.1 : 1, so the municipality's Liquidity Ratio is better than the Municipal Industry norm.

**Cost Coverage:** This rate has fluctuated over the past 2 years and currently is at 3.95 months, representing how many months expenditure can be covered by cash and other liquid assets available to the Municipality.

**Total Outstanding Service Debtors:** The rate of outstanding debt is steadily increasing. It is currently 68.7 %, which is a marked increase since 2012/2013, when it was 17.4 %. Outstanding debtors continue to be a focus for the Municipality which is continuously implementing methods to decrease this rate to within a manageable range.

**Debt Coverage:** This rate is steadily improving, due primarily to no additional loans having been taken on. Currently the Municipality's rate is 5.9% .

**Creditors System Efficiency:** The Municipality maintains its policy to pay its top 20 creditors within 30 days. The constant 100% payment levels to creditors highlight this achievement.

**Capital Charges to Operating Expenditure:** This rate is steadily improving and is considered to be low. Contributing factors include no new loans having been taken up combined with an increase in Operating Expenditure year-on-year.

**Employee Costs as a percentage of Operating Revenue:** The rate of 25% is lower than the expected norm of 30%.

**Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions):** The rate remains stable at around 14% for the past year.

## **COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

### **INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET**

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend.

*T 5.5.0*

## CAPITAL AND OPERATION BUDGETS

### Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description  R thousand	2013/2014								2012/2013
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure</b>									
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services	15 556	(5 018)	10 538	11 753	1 215	1 215	112%	76%	6 437
Vote 5 - IPED	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services	10 341	6 422	16 763	12 710	-	(4 053)	76%	123%	-
	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>25 898</b>	<b>1 403</b>	<b>27 301</b>	<b>24 463</b>	<b>1 215</b>	<b>(2 838)</b>	<b>90%</b>	<b>94%</b>	<b>6 437</b>
<b>Single-year expenditure</b>									
Vote 1 - Executive and Council	6 380	(3 540)	2 840	809	-	(2 031)	28%	13%	439
Vote 2 - Budget and Treasury	970	781	1 751	1 648	-	(103)	94%	170%	672
Vote 3 - Corporate Services	140	-	140	133	-	(7)	95%	95%	159
Vote 4 - Community and Social Services	940	956	1 896	682	-	(1 214)	36%	73%	1 154
Vote 5 - IPED	2 784	(35)	2 749	1 597	-	(1 152)	58%	57%	135
Vote 6 - Technical Services	2 630	4 702	7 332	7 770	438	438	106%	295%	8 074
	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure</b>	<b>13 844</b>	<b>2 864</b>	<b>16 708</b>	<b>12 638</b>	<b>438</b>	<b>(4 070)</b>	<b>76%</b>	<b>91%</b>	<b>10 633</b>
<b>Total Capital Expenditure - Vote</b>	<b>39 742</b>	<b>4 267</b>	<b>44 009</b>	<b>37 101</b>	<b>1 653</b>	<b>(6 908)</b>	<b>84%</b>	<b>93%</b>	<b>17 070</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>7 490</b>	<b>(2 759)</b>	<b>4 731</b>	<b>2 590</b>	<b>-</b>	<b>(2 141)</b>	<b>55%</b>	<b>35%</b>	<b>1 522</b>
Executive and council	6 380	(3 540)	2 840	809	-	(2 031)	28%	13%	439
Budget and treasury office	970	781	1 751	1 648	-	(103)	94%	170%	672
Corporate services	140	-	140	133	-	(7)	95%	95%	411
<b>Community and public safety</b>	<b>11 496</b>	<b>(1 882)</b>	<b>9 614</b>	<b>8 465</b>	<b>354</b>	<b>(1 149)</b>	<b>88%</b>	<b>74%</b>	<b>7 591</b>
Community and social services	2 814	1 546	4 360	2 857	-	(1 503)	66%	102%	2 689
Sport and recreation	6 892	(2 838)	4 054	4 333	279	279	107%	63%	4 902
Public safety	1 790	(590)	1 200	1 275	75	75	106%	71%	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>15 756</b>	<b>11 089</b>	<b>26 844</b>	<b>22 077</b>	<b>-</b>	<b>(4 767)</b>	<b>82%</b>	<b>140%</b>	<b>7 951</b>
Planning and development	2 784	(35)	2 749	1 597	-	(1 152)	58%	57%	135
Road transport	12 971	11 124	24 095	20 480	-	(3 615)	85%	158%	7 816
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>5 000</b>	<b>(2 180)</b>	<b>2 820</b>	<b>3 970</b>	<b>1 150</b>	<b>1 150</b>	<b>141%</b>	<b>79%</b>	<b>5</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	5
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	5 000	(2 180)	2 820	3 970	1 150	1 150	141%	79%	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>39 742</b>	<b>4 267</b>	<b>44 009</b>	<b>37 101</b>	<b>1 504</b>	<b>(6 908)</b>	<b>84%</b>	<b>93%</b>	<b>17 070</b>

### 5.5 SOURCES OF FINANCE

<b>Funded by:</b>									
National Government	25 917	2 221	28 138	26 083		(2 055)	93%	101%	15 177
Provincial Government	-	-	-	-		-	-	-	-
District Municipality	-	-	-	-		-	-	-	-
Other transfers and grants	-	-	-	-		-	-	-	-
<b>Transfers recognised - capital</b>	<b>25 917</b>	<b>2 221</b>	<b>28 138</b>	<b>26 083</b>		<b>(2 055)</b>	<b>93%</b>	<b>101%</b>	<b>15 177</b>
Public contributions & donations	-	-	-	-		-	-	-	238
Borrowing	-	-	-	-		-	-	-	-
Internally generated funds	13 825	2 046	15 871	11 018		(4 853)	69%	80%	1 655
<b>Total Capital Funding</b>	<b>39 742</b>	<b>4 267</b>	<b>44 009</b>	<b>37 101</b>		<b>(6 908)</b>	<b>84%</b>	<b>93%</b>	<b>17 070</b>

## COMMENT ON SOURCES OF FUNDING:

Grants and subsidies continue to comprise the most significant portion of the funding utilised for capital expenditure. The largest being the National Government, which is focused on developing new urban areas for habitation. This Grant is utilised to ensure service infrastructure is installed in new areas so as to allow for housing developments in these strategic areas.

## 6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	7 490	(2 759)	4 731	2 590	–	(2 141)	55%	35%	1 522
Executive and council	6 380	(3 540)	2 840	809	–	(2 031)	28%	13%	439
Budget and treasury office	970	781	1 751	1 648	–	(103)	94%	170%	672
Corporate services	140	–	140	133	–	(7)	95%	95%	411
<b>Community and public safety</b>	11 496	(1 882)	9 614	8 465	354	(1 149)	88%	74%	7 591
Community and social services	2 814	1 546	4 360	2 857	–	(1 503)	66%	102%	2 689
Sport and recreation	6 892	(2 838)	4 054	4 333	279	279	107%	63%	4 902
Public safety	1 790	(590)	1 200	1 275	75	75	106%	71%	–
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>	15 756	11 089	26 844	22 077	–	(4 767)	82%	140%	7 951
Planning and development	2 784	(35)	2 749	1 597	–	(1 152)	58%	57%	135
Road transport	12 971	11 124	24 095	20 480	–	(3 615)	85%	158%	7 816
Environmental protection	–	–	–	–	–	–	–	–	–
<b>Trading services</b>	5 000	(2 180)	2 820	3 970	1 150	1 150	141%	79%	5
Electricity	–	–	–	–	–	–	–	–	–
Water	–	–	–	–	–	–	–	–	5
Waste water management	–	–	–	–	–	–	–	–	–
Waste management	5 000	(2 180)	2 820	3 970	1 150	1 150	141%	79%	–
<b>Other</b>	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Standard</b>	<b>39 742</b>	<b>4 267</b>	<b>44 009</b>	<b>37 101</b>	<b>1 504</b>	<b>(6 908)</b>	<b>84%</b>	<b>93%</b>	<b>17 070</b>



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## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Managing the cash resources of ELM remains a key requirement to ensure the liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored by ELM, with daily cash flows being prepared and reported on in order to provide a clear indication of the current cash position. This enables the Municipality to meet its obligations as they become due. Both major revenue (grants, equitable share and high revenue inflow periods, etc.) and expenditure (bulk purchases and loan repayments, etc.) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn a favourable return on investment.

ELM's cash generating ability remains stable. While own funds invested have increased, there is an increase in both current and long-term debtors. The effects of the global economic crisis are also a cause of real concern to the Municipality. Operations have settled and tight cash controls have ensured that cash optimization in spending occurs, rather than a focus on cash generation. The area of revenue collection requires close attention so that it can be improved. This is critical to the financial sustainability of the Municipality.

ELM makes payments to creditors within the terms specified by suppliers, ensuring that investments remain in place in order to maximize the interest-earning potential of any surplus funds. Investment diversification is in practice at ELM, in an attempt to minimize risk and maximize interest earning potential.

Operating activities have not changed significantly over the past financial year.

The cash flow summary clearly indicates the increase/decrease in Cash and Cash Equivalent at the year-end: from R53 115 million in 2012/13 to R 50 993 million in 2013/14. As mentioned above, some of the key factors that have resulted in the increase include new grants being allocated to the Municipality and under spending.

Unspent conditional grants have increased/decreased significantly to R 1 767 million, from R 5 523 million in 2012/2013.

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## 5.9 CASH FLOW

EMALAHLENI MUNICIPALITY					
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS					
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014					
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET					
	2014	2014	2014		
	R	R	R		
	(Actual)	(Final Budget)	(Variance)	%	Explanations for material variances more than 10% of a specific line-item with a minimum of R1 million
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Ratepayers and other	30 067 605	54 865 978	(24 798 373)	-45%	Increase in Service Charges
Government - operating	98 441 321	98 549 737	(108 416)	0%	Grants and Subsidies were not utilized in full
Government - capital	22 739 451	28 138 189	(5 398 738)	-19%	Grants and Subsidies were not utilized in full
Interest	10 838 533	6 974 919	3 863 614	55%	More investments were made during the year
Dividends	-	-	-		
<b>Payments</b>					
Suppliers and Employees	(69 422 852)	(91 153 890)	21 731 038	-24%	Payments on Suppliers were wrongly budget for
Employees	(47 319 163)	(40 295 071)	(7 024 092)	17%	
Councillors	(9 811 645)	(8 977 258)	(834 387)	9%	
Finance charges	(137 297)	(170 000)	32 703	-19%	Interest were more for Employee Benefits Provision
Transfers and Grants	-	(25 614 183)	25 614 183	-100%	Were utilized under Ratepayers for indigents
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>35 395 953</b>	<b>22 318 420</b>	<b>-</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of Assets	-	-	-		
Decrease/(increase) in non-current receivables	-	-	-		
Decrease/(increase) in non-current investments	-	-	-	0%	No transfer of investments
<b>Payments</b>					
Capital assets	(37 101 365)	(43 709 000)	6 607 635	-15%	Less Capital grants were utilized
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(37 101 365)</b>	<b>(43 709 000)</b>	<b>6 607 635</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing	-	-	-		
Increase/(decrease) in consumer deposits	(110 146)	-	(110 146)	0%	Were not budget for
<b>Payments</b>					
Repayment of borrowing	(306 352)	-	(306 352)	0%	Were not budget for
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(416 499)</b>	<b>-</b>	<b>-416 499</b>		
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(2 121 910)</b>	<b>(21 390 580)</b>	<b>6 191 136</b>		
Cash and Cash Equivalents at the beginning of the year	53 115 160	53 115 160	0	0%	
Cash and Cash Equivalents at the end of the year	50 993 250	31 724 580	19 268 669	61%	Less Grants were utilized and are invested.

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<b>COMMENT ON CASH FLOW OUTCOMES:</b>
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Interest earned

More investment were made due to healthy cash flow

Finance Charges

Finance charges are insignificant as no new loans were taken

Cash and Cash Equivalents

Variance due to conservative cash flow budgeting

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**5.10 BORROWING AND INVESTMENTS**

<b>INTRODUCTION TO BORROWING AND INVESTMENTS</b>
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The Municipality's current loans balance, is zero as all loans have been

The Municipality's investments held with financial institutions have decreased from R53million, to R50 million in 2013/14.

## Reconciliation of Table A7 Budgeted Cash Flows

Description  R thousand	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	38 260	16 606	54 866	30 068	(24 798)	54.8%	78.6%	23 415
Government - operating	125 636	(27 086)	98 550	98 441	(108)	99.9%	78.4%	85 415
Government - capital	25 917	2 221	28 138	22 739	(5 399)	80.8%	87.7%	23 095
Interest	5 793	1 182	6 975	10 839	3 864	155.4%	187.1%	9 333
Dividends	-	-	-	-	-	-	-	-
<b>Payments</b>								
Suppliers and employees	(156 880)	16 454	(140 426)	(126 554)	13 873	90.1%	80.7%	(116 588)
Finance charges	(389)	219	(170)	(137)	33	80.8%	35.3%	(219)
Transfers and Grants	(6 587)	(19 027)	(25 614)	-	25 614	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>31 749</b>	<b>(9 431)</b>	<b>22 318</b>	<b>35 396</b>	<b>13 078</b>	<b>158.6%</b>	<b>111.5%</b>	<b>24 451</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	207
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	8 000	(8 000)	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(39 742)	(3 967)	(43 709)	(37 101)	6 608	84.9%	93.4%	(17 070)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(31 742)</b>	<b>(11 967)</b>	<b>(43 709)</b>	<b>(37 101)</b>	<b>6 608</b>	<b>84.9%</b>	<b>116.9%</b>	<b>(16 864)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	(306)	(306)	#DIV/0!	#DIV/0!	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	9
<b>Payments</b>								
Repayment of borrowing	-	-	-	(110)	(110)	#DIV/0!	#DIV/0!	(545)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(416)</b>	<b>(416)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>(536)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>8</b>	<b>(21 398)</b>	<b>(21 391)</b>	<b>(2 122)</b>				<b>7 051</b>
Cash/cash equivalents at the year begin:	42 953	10 162	53 115	53 115				46 064
Cash/cash equivalents at the year end:	42 961	(11 236)	31 725	50 993	19 269	160.7%	118.7%	53 115

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

## INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The primary role of a municipality is to provide and facilitate the delivery of services to its communities. It is therefore imperative for the municipality to understand the extent to which households in its areas of jurisdiction have access to the various services that are essential for their livelihood. A COMPREHENSIVE INFRASTRUCTURES PLAN (CIP) was developed with assistance with the province. However, a review of the existing CIP requires a thorough review that will be informed by the current statistical data.

The CIP is used to influenced for baseline data and informing the projects to be implemented. Furthermore ELM has made a decision to develop an inclusive Infrastructure Investment Plan. ELM currently utilizes various sector plans to plan for infrastructure planning and investment. These plans are; Housing Sector Plan, Water Service Delivery Plan, Infrastructure Asset Maintenance Plan, Electricity Master Plan.

**COMMENT ON BACKLOGS:**

The current reality analysis has shown that the municipality is faced with a daunting challenge marked by huge backlogs in service delivery, socio-economic problems of high unemployment and poverty levels. Solutions to these challenges can potentially be in conflict with or complement each other. For this reason, it is necessary for the municipality to have a macro strategy that will guide decision making when there are conflicting strategic options and also provide a basis for the allocation of scarce resources.

**COMPONENT D: OTHER FINANCIAL MATTERS**

**5.12 SUPPLY CHAIN MANAGEMENT**

**SUPPLY CHAIN MANAGEMENT**

According to Section 115 of the MFMA the accounting officer of a municipality must implement the SCM policy of the municipality and take all reasonable steps to ensure that the proper mechanisms and segregation of duties in the SCM system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

The Act also stipulates that monthly and quarterly reports should be submitted to the authorities to show the progress on the implementation of the Supply Chain management regulations.

Section 114

**SCM REPORTS**

Formal quotes above R100 000 (Various Departments)

Deviations

Fruitless and wasteful expenditure

Report on tenders awarded

Contract Management

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

*T 6.0.1*

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2012/2013

### 6.1 AUDITOR GENERAL REPORTS 2012/2013 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: 2012/2013	
Audit Report Status*:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
	As per audit action plan

## COMPONENT B: AUDITOR-GENERAL OPINION 2013/2014 (CURRENT YEAR)

### 6.2 AUDITOR GENERAL REPORT 2013/2014

Auditor-General Report on Financial Performance: 2013/2014	
Audit Report Status*:	Qualified
Non-Compliance Issues	Remedial Action Taken
	As per audit action plan

## REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON EMALAHLENI MUNICIPALITY

**REPORT ON THE FINANCIAL STATEMENTS****INTRODUCTION**

1. I have audited the financial statements of the Emalahleni Municipality set out on volume II, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement, statements of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

**ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR-GENERAL'S RESPONSIBILITY**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

**BASIS FOR QUALIFIED OPINION****IRREGULAR EXPENDITURE**

6. Section 125(2) of the MFMA requires the financial statements of the municipality to disclose irregular expenditure that occurred during the financial year. Irregular expenditure of R 64,4 million (2013: R 73,9 million), as disclosed in note 39.3 to the financial statements, were materially understated as payments were made in contravention of the supply chain management (SCM) requirements. Due to inadequate systems, it was impractical for me to determine the full extent of the understatement of irregular expenditure. Consequently I was unable to determine whether any



further adjustments were necessary to the irregular expenditure disclosed at R138,5 million (2013: R74,1 million).

#### REVENUE

7. We are unable to obtain sufficient appropriate audit evidence regarding water revenue due to incomplete meter readings. I was unable to confirm the water revenue by alternative means. Consequently, I was unable to determine whether any adjustment relating water revenue, stated at R7 million (2013: R2,9 million) in note 22 to the financial statements, was necessary.

#### MATERIAL LOSSES

8. The municipality is required by section 125(2)d of the MFMA to disclose in the financial statements the amount of material water losses for the year. The municipality did not have a system for the identification and quantification of water losses and consequently, did not disclose any water losses. I was unable to confirm or verify by alternative means the water losses for the year and, as a result, I was unable to determine the water losses to be disclosed in the financial statements.

#### AGGREGATION OF IMMATERIAL UNCORRECTED MISSTATEMENTS

9. The financial statements as a whole were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements, making up the statement of financial position and the statement of financial performance:
- Value added tax (VAT) receivable of R1,2 million had been overstated in the comparatives in the statement of financial position.
  - Receivables from exchange transactions of R2,2 million had been understated in the comparatives in the statement of financial position.
  - Payables of R1,3 million had been overstated in the comparatives in the statement of financial position.

#### QUALIFIED OPINION

10. In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Emalahleni Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP, the MFMA and DoRA.

#### EMPHASIS OF MATTERS

11. We draw attention to the matters below. My opinion is not modified in respect of these matters.

#### RESTATEMENT OF CORRESPONDING FIGURES

12. As disclosed in note 34 to the financial statements, the corresponding figures for the 30 June 2013 financial year, have been restated as a result of errors discovered during the 2014 financial year, in the financial statements of the municipality at, and for, the year ended 30 June 2014.

#### MATERIAL LOSSES AND IMPAIRMENTS

13. As disclosed in note 39.4 to the financial statements, material electricity distribution losses to the amount of R6 million were incurred and have not been recovered from consumer debtors.

14. Debt impairments of R 19,2 million (2013: 9,5 million), as disclosed in note 27 to the financial statements, were made against trade receivables. These debts are long outstanding and considered to be irrecoverable.
15. An impairment of R11,3 million (2013: R nil), as disclosed in note 10 to the financial statements, was made against property, plant and equipment. The impairment related to community assets.

#### UNAUTHORISED AND IRREGULAR EXPENDITURE

16. Unauthorised expenditure of R12,7 million, as disclosed in note 39 to the annual financial statements, was incurred due to overspending the budget. Irregular expenditure of R138,5 million, as disclosed in note 39 to the annual financial statements, was incurred as a result of supply chain management procedures not being followed.

#### ADDITIONAL MATTER

17. We draw attention to the matter below. My opinion is not modified in respect of this matter.

#### UNAUDITED SUPPLEMENTARY SCHEDULES

18. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion thereon.

#### UNAUDITED DISCLOSURE NOTES

19. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

20. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development priority presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

#### PREDETERMINED OBJECTIVES

21. We performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2014:
  - KPA 1: Basic Service Delivery and Infrastructure Development: on pages xx to xx
22. We evaluated the reported performance information against the overall criteria of usefulness and reliability.
23. We evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time

bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

24. We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. The material findings in respect of the selected development priority are as follows:

#### BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

#### USEFULNESS OF REPORTED PERFORMANCE INFORMATION

#### CONSISTENCY OF OBJECTIVES

26. Section 41(c) of the Municipal Systems Act requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 40% of the reported objectives were not consistent with those in the approved IDP. This was due to inadequate controls over the alignment of objectives between the IDP, service delivery and budget implementation plan (SDBIP) and reported objectives.

#### MEASURABILITY OF INDICATORS AND TARGETS

27. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 26% of the targets were not specific.

*And*

- The period or deadline for the delivery of targets must be specified. A total of 23% of the targets were not time bound.

*And*

- Performance indicator/measure must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 21% of the indicators were not verifiable.

This was because management was not trained in the requirements of the FMPPI.

#### RELEVANCE OF INDICATORS

28. The FMPPI requires indicators to relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives. A total of 21% of the indicators did not relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives as per the five-year integrated development plan. This was because proper performance planning and management practices had not been developed and/or implemented to provide for the development of performance indicators and targets included in the annual performance report.

#### RELIABILITY OF REPORTED PERFORMANCE INFORMATION

29. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of our work as the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the auditee's records did not permit the application of alternative audit procedures.

#### ADDITIONAL MATTER

30. I draw attention to the following matter:

#### ACHIEVEMENT OF PLANNED TARGETS

31. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priority reported in paragraphs 22 to 24 of this report.

#### COMPLIANCE WITH LEGISLATION

32. We performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. Our material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

#### ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

#### STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

34. Measurable performance targets for the financial year with regard to each of the development priorities or objectives and key performance indicators were not set in the IDP, as required by section 41(1)(b) of the Municipal Systems Act and the Municipal planning and performance management regulations 12(1) and 12(2)(e).
35. The annual performance report for the year under review did not include a comparison of the performance with set targets and a comparison with the previous financial year and measures taken to improve performance as required by section 46 (1)(b) and (c) of the Municipal Systems Act.
36. The performance management system and related controls were inadequate as they did not describe and represent the processes of performance monitoring and how it is conducted, organised and managed, as required by sections 38 of the Municipal Systems Act and regulation 7 of the Municipal planning and performance management regulations.

37. The municipality did not give effect to its integrated development plan and conduct its affairs in a manner that was consistent with its IDP, as required by section 36 of the Municipal Systems Act, section 21(2)(a) of the MFMA and Municipal planning and performance management regulation 6.

#### PROCUREMENT

38. Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) & (c).
39. Goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(1).
40. Invitations for competitive bidding were not always advertised for the minimum period required by SCM regulation 22(1) & 22(2).
41. Awards were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).
42. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).
43. Contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
44. Contracts and quotations were awarded to bidders based on preference point systems that were not allocated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
45. Sufficient appropriate audit evidence could not be obtained that contracts were only extended or modified after tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
46. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.
47. The performance of contractors or providers was not monitored monthly, as required by section 116(2)(b) of the MFMA.
48. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
49. Awards were made to providers who are in the service of other state institutions in contravention of MFMA 112(j) and SCM regulations 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

#### EXPENDITURE MANAGEMENT

50. Reasonable steps were not taken to prevent unauthorised, irregular, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

**AUDIT COMMITTEE**

51. The audit committee did not advise the council on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the MFMA. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
52. The audit committee did not make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).
53. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by Municipal planning and performance management regulation 14(4)(a)(i).
54. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).
55. The audit committee was not constituted in the manner required by section 166(4)(a) of the MFMA, as the following requirement was not adhered to: the audit committee did not consist of three members for the entire financial year.
56. The audit committee did not respond to the council on the issues raised in the audit reports of the auditor-general, as required by section 166(2)(c) of the MFMA.

**CONSEQUENCE MANAGEMENT**

57. Unauthorised, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

**REVENUE MANAGEMENT**

58. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.
59. Sufficient appropriate audit evidence could not be obtained that revenue due to the municipality was calculated monthly, as required by section 64(2)(b) of the MFMA.
60. An adequate management, accounting and information system that accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.

**INTERNAL CONTROL**

61. We considered internal control relevant to my audit of the financial statements, and annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

**LEADERSHIP**

62. Slow response to audit messages and effective leadership remain a challenge. The roles and responsibilities for recording and filing financial and performance information have been communicated to all relevant staff, but there is a lack of effective oversight by senior leadership to ensure accountability and adequate consequences for poor performance and transgressions, which resulted in repeat financial, performance information and compliance findings raised during the audit.
63. The municipality did not develop documented and approved internal policies and procedures to address the collection, recording, processing, monitoring of, and reporting on predetermined objectives.

**FINANCIAL AND PERFORMANCE MANAGEMENT**

64. The municipality did not have a proper system of record management that provides for the maintenance of information to be reported in the annual performance report. Adequate daily and monthly financial processing and reconciliations did not always take place prior to the preparation of the financial statements and the audit process was used to correct the financial records.
65. The municipality's compliance monitoring process had not been effective in implementing and monitoring controls to ensure that non-compliance with its laws and regulations was prevented and detected. This contributed to repeat findings on compliance in the current year.

**GOVERNANCE**

66. The audit committee was not effective in strengthening the control environment within the municipality as numerous material misstatements were identified during the audit. Furthermore, findings recurred on performance reporting and compliance matters. These were identified during the audit process.

East London

28 November 2014

## AUDIT ACTION PLAN 2013 / 2014

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
<b>Planning</b>					
	Planning: Audit committee (EX. 25) COAF 5*	Inadequate oversight	30 January 2015	Municipal Manager	<ul style="list-style-type: none"> <li>Fast track process to appoint a third committee member.</li> <li>Mayor to ensure Audit Committee conducts quarterly meetings.</li> <li>Internal Audit to verify appointment.</li> </ul>
<b>Cash and cash equivalents</b>					
	Cash and Cash Equivalents: Inadequate controls over unidentified receipts and suspense account (EX. 8) COAF3*	Inadequate control over allocation of deposits	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Regular updates of unidentified receipts register.</li> <li>Monthly review of register.</li> <li>Internal Audit to review register quarterly.</li> </ul>
<b>Contingent liabilities</b>					
	Contingent Liabilities: Amounts per legal confirmations not included in AFS (EX. 148) COAF 8*	Inadequate Management oversight	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>All attorneys are regulated by an approved SLA.</li> <li>Attorneys to provide regular feedback on progress with cases.</li> <li>A contingent liability register to be maintained / reviewed to ensure progress is monitored.</li> </ul>
	Contingent Liabilities: Incorrect disclosure in the financial statement (EX. 149) COAF 8*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Timeous review of AFS to ensure contingent liability note is correct.</li> <li>Proof of the review to be filed and kept as audit evidence.</li> </ul>
<b>Employee costs</b>					
	Employee Costs: Planning: Attendance register are not reviewed by the head of department (EX. 5) COAF2*	Inadequate Management oversight	30 January 2015	All Directors	<ul style="list-style-type: none"> <li>All Directorates to review /sign monthly attendance registers.</li> <li>Internal Audit to verify compliance.</li> <li>Non-compliance to be reported to Accounting Officer</li> </ul>



	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Post employee Benefits: Calculation of the liability for ex-gratia payments (Ex 13) COAF 4*	Inadequate Management oversight	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Resolved</li> </ul>
	Employee Costs: Insufficient notice of contract expiry (EX. 18) COAF 4*		30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Compile a register for all Fixed Term Employees.</li> <li>Ensure three months written notice is given timeously.</li> <li>Internal Audit to verify compliance.</li> </ul>
	Employee Costs: Overtime exceeds 30% of Basic Salary (EX. 46) COAF 5*	Inadequate Management oversight	30 January 2015	All Directors	<ul style="list-style-type: none"> <li>Identify and list all employees responsible for essential service functions.</li> <li>Payroll official to ensure all other overtime are specifically capped at 30%.</li> <li>Extract overtime variance report.</li> <li>Internal Audit to verify compliance.</li> </ul>
	Employee Costs: Overtime is reported incorrectly in Sec 71 Report (EX. 47) COAF 5*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Verify parameter settings on payroll integration.</li> <li>Populate the Section 71 report with the relevant costs</li> <li>Internal Audit to verify the correctness of Section 71 report.</li> </ul>
	Current Employee Liabilities: Inadequate leave days taken (EX. 83) COAF 6*	Inadequate Management oversight	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>HR to implement annual leave plans for each employee per department.</li> <li>Ensure the plan indicates when the 16days will be taken.</li> <li>Reconcile leave taken with leave plan and attendance register</li> </ul>
	Current Employee Benefits: leave non-compliance issues (EX. 107) COAF 7*	Inadequate Management oversight	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Perform proper compliance reviews prior to processing of leave forms.</li> <li>Return incomplete forms to departments for rectification.</li> <li>Ensure written motivation is provided by supervisor should leave be approved only after leave had been taken.</li> </ul>
	Current Employee Benefits: No Performance Bonus Evaluations completed (EX. 108) COAF 7*	Inadequate Management control	30 January 2015	Municipal Manager	<ul style="list-style-type: none"> <li>Implement performance evaluation plans.</li> <li>Perform evaluations and document the process.</li> <li>Obtain council approval for payment of performance bonuses prior to payment thereof.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
					<ul style="list-style-type: none"> <li>File documentation as proof.</li> </ul>
	Employee Costs: No support on file for deductions(EX. 160) COAF 9*	Inadequate Management oversight	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Obtain authorisation for all deductions and place signed form on employee file.</li> <li>Ensure payroll department only process deductions based on signed authorisation received from Human Resources.</li> <li>Internal Audit to verify during compliance testing that all deductions are supported by a signed authorisation by the employee.</li> </ul>
	Employee Costs: Time sheets do not agree to Time Schedules (EX. 170) COAF 9*	Inadequate Management oversight	30 January 2015	All Directors	<ul style="list-style-type: none"> <li>Supervisors to reconcile days per summary schedule with the attendance register.</li> <li>Ensure days / hours captured agrees with attendance registers and tariffs agrees with employment contract.</li> <li>Internal Audit to verify that UIF is deducted and paid over to SARS.</li> </ul>
	Employee Costs: A wage list is not maintained (EX. 171) COAF 9*	Inadequate Management oversight	30 January 2015	Director: Corporate Services and Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement a separate payroll for all contract workers.</li> <li>Extract a contract worker list per department and let supervisors verify existence and use the list to let workers sign for receipt of their payslips.</li> <li>Payroll officer to obtain the signed lists and file it with the monthly payroll data.</li> <li>Internal Audit to verify correctness of wages paid during compliance testing.</li> </ul>
	Employee Costs: Salary does not agree to task grade (EX. 173) COAF 9*	Inadequate Management oversight	30 January 2015	Director: Corporate Services and Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure salary increases are applied in accordance with the percentage per the Collective Agreement of the Bargaining Council.</li> <li>Internal Audit to verify correct salary scales during compliance testing.</li> </ul>
	Employee Costs: Employee are underpaid overtime (EX. 174) COAF 10*	Inadequate Management oversight	30 January 2015	All Directors	<ul style="list-style-type: none"> <li>Management should check that overtime hours claimed do not exceed 40 hours.</li> <li>Overtime hours processed on the payroll system must be capped at 40 hours.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Employee Costs: No policy for Shift Work (EX. 175) COAF 9*		30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Ensure that the Policy for Shift Workers are presented to council for approval and implemented.</li> <li>Payroll officer to ensure that shift work is paid in accordance with approved policy.</li> <li>Internal Audit to verify compliance with Policy.</li> </ul>
	Employee Costs: Incorrect amount paid for rental of Municipal property (EX. 202) COAF 10*		30 January 2015	Director: Corporate Services and Chief Financial Officer	<ul style="list-style-type: none"> <li>Rental register to be updated.</li> <li>Monthly reconciliations between rental register and GL.</li> <li>Internal Audit to verify rent levied against rental agreements.</li> </ul>
	Compliance: Sick Leave was not approved (EX. 207) COAF 10*	Inadequate Management oversight	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Management should ensure all leave forms are approved.</li> <li>Return incomplete forms to the departments for correction,</li> <li>Internal Audit to verify all leave forms are signed properly.</li> </ul>
<b>Internal Control</b>					
	Compliance: Vacancy rate for senior management regressed (EX. 209) COAF 10*	Inadequate Management oversight	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Utilise the organogram to ensure directors vacancies do not regress.</li> </ul>
	IT Planning: Regular backups were not performed (EX. 1) COAF 1*	Lack of monitoring & supervision	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Implement a Business Continuity Plan which address data back-up and recovery procedures.</li> <li>Implement a back-up register.</li> <li>Internal Audit to review the back-up register.</li> </ul>
	Consultants: Lack of monitoring of consultants performance (EX. 28) COAF 5*	Lack of monitoring & supervision	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement review procedures to ensure compliance with SLA specifications.</li> <li>Ensure all payments are supported by proof of compliance to SLA objectives.</li> <li>Internal Audit to verify compliance.</li> </ul>
	Internal Control: Supplier database duplications (EX. 68)	Lack of monitoring & supervision	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Verify the detail of each supplier registered on the database against the application form submitted.</li> <li>Remove all inactive suppliers from the database.</li> <li>Schedule this review process to be performed annually.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Control environment: Lack of ongoing monitoring (EX. 93) COAF 7*	Lack of monitoring & supervision	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure integrity- and ethical values are formally communicated to all employees.</li> <li>Draft an implementation plan.</li> <li>Implementation of the plan to be reviewed monthly and signed as proof of review.</li> <li>Non-compliance to be reported to management.</li> </ul>
	Inventory: Water losses not disclosed in the AFS (EX. 140) COAF 8*	Inadequate management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refer to signed addendum where water function was reverted back to CHDM.</li> <li>Communicate the finding to CHDM</li> </ul>
	Internal Control: Payroll reimbursements paid through the supplier database (EX. 176) COAF 9*		30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure that all salary related re-imbursements are processed via the payroll.</li> <li>All non-salary re-imbursements should be paid directly against the operating expenditure votes.</li> </ul>
	Internal Controls: Management does not respond to IA findings (EX. 211) COAF 10*	Inadequate Management oversight	30 January 2015	Municipal Manager	<ul style="list-style-type: none"> <li>Ensure all Internal Audit findings are reported to Audit Committee.</li> <li>AC to report to Council on Internal Audit findings.</li> <li>Council to ensure management do respond to IA findings.</li> </ul>
<b>Compliance</b>					
	Compliance: Non-compliance with MFMA section 166(2)(a) (EX. 90) COAF 6*	Inadequate Management oversight	30 January 2015	Municipal Manager	<ul style="list-style-type: none"> <li>Include audit committee members as invites to all ordinary as well as special council meetings.</li> <li>Schedule an agenda point to include Audit committee report to be presented to council.</li> <li>Council to evaluate submitted report for compliance to MFMA requirements,</li> </ul>
	Compliance: Performance audit committee (EX. 105) COAF 7*	Inadequate Management oversight	30 January 2015	Municipal Manager	<ul style="list-style-type: none"> <li>Audit Committee to review PMS and make recommendations to council.</li> <li>AC to review quarterly reports submitted by Internal Audit.</li> <li>Non-compliance to be reported to council.</li> <li>AC to submit at least twice a year an audit report on the review of the PMS to council.</li> <li>Non-compliance to be noted by council and addressed</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
					<ul style="list-style-type: none"> <li>with AC.</li> </ul>
	Compliance: Audit committee response to audit report (EX. 106) COAF 7*	Inadequate Management oversight	30 January 2015	Municipal Manager	<ul style="list-style-type: none"> <li>Audit Committee must attend all ordinary as well as special council meetings.</li> <li>Audit Committee must respond to council on AG issues raised in audit report.</li> <li>Council must ensure that the AC is functional and be held accountable in terms of Section 166 of the MFMA.</li> </ul>
	Compliance: Irregular expenditure not promptly reported to the MEC (EX. 164) COAF 9*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure the register of irregular expenditure is updated on a regular basis.</li> <li>Report all irregular expenditure to the MEC on a regular basis.</li> </ul>
	Revenue Management Compliance: Principle of policy not ascertained (EX. 167) COAF 9*	Inadequate Management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management to ensure that the requirements as per Section 74(2) of the MSA are implemented.</li> </ul>
	Revenue Management Compliance: Ineffective revenue collection system (EX. 181) COAF 9*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement review procedures to ensure long outstanding debtor accounts are identified and handed over for collection timeously.</li> </ul>
	Revenue management Compliance: Inadequate management, accounting and information system (EX. 182) COAF 9*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure adequate management-, accounting-, and information systems are implemented.</li> </ul>
	Revenue management: Inadequate system of internal control (EX. 183) COAF 9*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement and enforce an effective system of internal control over revenue and debtors.</li> </ul>
	Revenue management compliance: Reconciliation of revenue not performed	Inadequate Management oversight	30 January 2015	Chief Financial	<ul style="list-style-type: none"> <li>Monthly reconciliations to be performed for all revenue types.</li> <li>Reconciliations must be reviewed and signed as proof of</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	on a weekly basis (EX. 184) COAF 9*			Officer	<ul style="list-style-type: none"> <li>review.</li> <li>Internal Audit to review frequency of revenue reconciliations.</li> </ul>
	Revenue management: Funds collected on behalf of another organ of state not transferred on a weekly basis (EX. 186) COAF 9*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure all transfers to Department of Roads and Transport are done in accordance with the SLA between mentioned department and Emalahleni Municipality.</li> </ul>
	Revenue Management Compliance: Service charges not charged on properties (EX. 205) COAF 10*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refer to the signed amendment whereby the waters service function will be reverted back to CHDM.</li> <li>Communicate finding to CHDM.</li> </ul>
	Compliance: Non-compliance with National Environmental Management Act No 107 of 1998 (Ex. 206) COAF 10*	Inadequate Management oversight	30 January 2015	Director: Community Services	<ul style="list-style-type: none"> <li>Develop and implement a plan for the restoration of the waste disposal sites in accordance with legislation.</li> </ul>
	Consequence Management: Non-compliance identified (EX. 210) COAF 10*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All irregular expenditure to be recorded in a register and referred to MPAC for investigation and report on findings.</li> </ul>
	Compliance: Non-compliance with MFMA S32(4) (EX.212) COAF 10*	Inadequate Management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management to implement procedures to comply with Section 32(4).</li> </ul>
	Procurement: No supplier declaration of interest (EX. 215) COAF 10*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Signed declarations of interest (MBD 4) to be obtained from suppliers and placed on file.</li> </ul>
<b>Procurement</b>					

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Procurement: Non submission of information (EX.7) COAF 3	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All bid documentation must be filed properly.</li> <li>All bid documents received must be safeguarded adequately.</li> <li>Internal Audit to perform quarterly reviews.</li> </ul>
	Procurement: SCM Policy not in line with SCM Regulations (EX. 67) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review and adjust the SCM Policy to include the required SCM Regulations.</li> <li>Submit Policy to council for their review and approval, and implement new policy.</li> <li>Internal Audit to confirm compliance and report on findings.</li> </ul>
	Procurement: No declaration of interest for supplier (EX. 69) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review all suppliers and ensure that the supplier has completed, signed and submitted a declaration of interest (MBD 4) form.</li> <li>Internal Audit to verify compliance and report on findings.</li> </ul>
	Procurement: Written quotation not obtained (EX. 71) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement a review procedure for SCM unit to ensure that expenditure is reviewed for value linked to the SCM regulations applicable on the value for all transactions.</li> <li>Implement a review procedure to ensure that when written deviations are authorised the reason for deviation be clearly stated on the form.</li> </ul>
	Procurement: Insufficient information furnished by winning bidders. (EX. 72) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review the suppliers and ensure that the required documentation is obtained and placed on file.</li> <li>Internal audit to verify the required documentation is placed on file.</li> </ul>
	Procurement: Tax clearance not obtained (EX. 73) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review all suppliers and ensure that required documentation is obtained and placed on file.</li> <li>Internal audit to verify the required documentation is placed on file.</li> </ul>
	Procurement: Irregular expenditure deviations not reported. (EX. 74)	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review the process followed for the transactions noted and confirm non-compliance.</li> <li>Present deviations to accounting officer for his approval and include in the deviations register.</li> <li>Report deviations to next council meeting,</li> </ul>



	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Procurement: Related party disclosure not complete (EX. 77) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Ensure access to supplier database information e.g. bank account detail is limited to a SCM official only.</li> <li>• Ensure that expenditure could only process payments to the bank account reflected on the system.</li> <li>• Internal Audit to review supplier files and verify compliance.</li> </ul>
	Procurement: Supplier payments made to incorrect bank account (EX. 78) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Ensure access to supplier database information e.g. bank account detail is limited to a SCM official only.</li> <li>• Ensure that expenditure could only process payments to the bank account reflected on the system.</li> <li>• Internal Audit to verify during compliance testing.</li> </ul>
	Procurement: No supplier declaration of interest (EX. 79) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Review all suppliers and ensure that the supplier has completed, signed and submitted a declaration of interest (MBD 4) form.</li> <li>• Internal Audit to verify compliance and report on findings.</li> </ul>
	Procurement: No supplier declaration of interest (Internal Control) (EX. 80) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Review all suppliers and ensure that the supplier has completed, signed and submitted a declaration of interest (MBD 4) form.</li> <li>• Internal Audit to verify compliance and report on findings.</li> </ul>
	Procurement: 1 Quote not obtained (EX. 81) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Implement a review procedure for SCM unit to ensure that expenditure is reviewed for value linked to the SCM regulations applicable on the value for all transactions.</li> <li>• Implement a review procedure to ensure that when written deviations are authorised the reason for the deviation be clearly stated on the form.</li> </ul>
	Procurement: Competitive bidding not followed (EX. 84) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Review the bids mentioned and where possible correct the issues of non-compliance.</li> <li>• SCM policy to address the guidelines to be adhered to pertaining to bids.</li> </ul>
	Procurement: Non-compliance noted during the testing of bids (EX. 85) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Review the bids under review and where possible correct the issues of non-compliance.</li> <li>• SCM policy to address the guidelines to be adhered to pertaining to bids.</li> </ul>



	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Procurement: Non-compliance noted with regards to the advertising of the bids (EX. 86) COAF 6*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review all bids advertised and ensure procedures followed agrees with the requirements of such advertisement,</li> <li>All instances of non-compliance to be reported to council.</li> </ul>
	Irregular expenditure: Expenditure incorrectly classified as irregular (EX. 96) COAF 8*		30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Irregular expenditure should be verified and recorded in a register.</li> <li>All irregular expenditure identified be reported to MPAC on a monthly basis for investigation.</li> <li>MPAC to present to council a report on their investigations and findings on a case-by-case basis.</li> <li>Council to approve write-off of irrecoverable irregular expenditure.</li> </ul>
	Procurement: Non-compliance with regards to construction contracts (EX. 101) COAF 7*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Minimum CIDB category for qualification to be disclosed in tender invitations for construction contracts.</li> <li>Invitation to tender must be advertised on the CIDB website. Invitations to Tender must be advertised for at least 10 working days and/or 5 days before any compulsory site meeting.</li> <li>The project be registered with CIDB within 21 working days.</li> </ul>
	Procurement: Irregular expenditure relating to construction contracts (EX. 102) COAF 7*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>SCM to ensure that for all construction contracts awarded the successful bidder comply with SCM requirements regarding CIDB registration.</li> <li>For all Joint Ventures it should be distinguished between the Consulting Engineers and the actual Contractor.</li> <li>Only contractors are required to register with CIDB.</li> <li>Supporting documentation be retained as audit evidence.</li> </ul>
	Procurement: Non-compliance noted during the testing of bids (EX. 103) COAF 10*		30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Identify all non-compliance issues and draft a SCM action plan to ensure compliance.</li> </ul>
	Procurement: No supplier	Inadequate SCM control	30 January	Chief Financial	<ul style="list-style-type: none"> <li>A declaration of interest (MBD 4) to be obtained from all potential suppliers applying to register on the suppliers'</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	declaration of interest (EX. 114) COAF 8*		2015	Officer	<ul style="list-style-type: none"> <li>database.</li> <li>If the declaration does not disclose information regarding persons in service of the state, the supplier should be registered on the database.</li> </ul>
	Procurement: Deviation not disclosed in AFS and reported to council (EX. 115) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>A deviations register to be maintained to record all deviations.</li> <li>All deviations to be approved by accounting officer and reported to council.</li> <li>Management to ensure that all deviations be included in the irregular expenditure note to the AFS.</li> </ul>
	Procurement: Preferential points incorrectly awarded (EX. 116) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All bids submitted must clearly state the B-BBEE status of the bidder.</li> <li>During evaluation of the bids it must be ensured that points scored in terms of the preferential points system is awarded correctly.</li> </ul>
	Procurement: Bid adjudication committee (EX. 117) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review compilation of the various bid committees.</li> <li>Ensure members do not serve on both the evaluation and adjudication committees for the same bid.</li> </ul>
	Procurement: Non compliances (limitations) noted/experienced in the testing of bids (EX. 122) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management to ensure that bid evaluation and adjudication criteria include determinations of capability and capacity to provide goods / services.</li> <li>Procedures be implemented to record any deviation from stipulated advertisement period. All bid documentation be retained and stored for audit purposes.</li> </ul>
	Procurement: Tenders incorrectly advertised (EX. 123) COAF 8	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management to ensure tenders are advertised at the correct preference points system,</li> </ul>
	Procurement: Non-compliance noted with regards to the advertising and opening register of bids (EX. 124 ) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refresh training for SCM unit to ensure all bids are advertised in accordance with SCM regulations.</li> <li>SCM unit to ensure that opening of bids occur in accordance with SCM regulations.</li> <li>Management to review and sign the process to ensure</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
					compliance with SCM regulations.
	Procurement: Monitoring of contracts (EX. 125) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refresh training for SCM unit to ensure all bids are advertised in accordance with SCM regulations.</li> <li>SCM unit to ensure that terms and conditions of bids clearly defined and monitored properly.</li> <li>Implement a contracts register to monitor contracts effectively.</li> </ul>
	Procurement: Non-compliance with regards to contracts (EX. 126) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refresh training for SCM unit to ensure administration of all bids comply with SCM regulations.</li> <li>SCM unit to ensure that terms and conditions of bids clearly defined and monitored properly.</li> <li>Implement a contracts register to monitor contracts effectively</li> </ul>
	Procurement: Irregular expenditure relating to contracts (EX. 128) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All instances of unauthorised, irregular, fruitless and wasteful expenditure be recorded in the register and reported to MPAC.</li> <li>MPAC to investigate each instance recorded on merit and report to council.</li> <li>Council to review the report and resolve whether expenditure should be written off.</li> </ul>
	Procurement: Internal control findings (EX. 129) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>SCM unit to refresh training on SCM regulations. SCM unit to ensure internal control system address all deficiencies reported above. Internal Audit to review compliance and report thereon.</li> </ul>
	Procurement: 3 written quotes not obtained for additions (EX. 130) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refresh training to SCM unit on SCM regulations.</li> <li>SCM unit to ensure internal control system address all deficiencies reported above.</li> <li>Internal Audit to verify compliance and report thereon.</li> </ul>
	Procurement: Irregular expenditure on additions not reported and disclosed. (EX. 131) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All instances of unauthorised, irregular, fruitless and wasteful expenditure be recorded in the register and report to MPAC.</li> <li>MPAC to investigate each instance recorded on merit and report to council.</li> <li>Council to review the report and resolve whether</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
					expenditure should be written off.
	Procurement: Non-compliance with advertising (EX. 132) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All instances of unauthorised, irregular, fruitless and wasteful expenditure be recorded in the register and report to MPAC.</li> <li>MPAC to investigate each instance recorded on merit and report to council.</li> <li>Council to review the report and resolve whether expenditure should be written off.</li> </ul>
	Procurement: Tax clearance certificate not submitted (EX. 133) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>SCM manager to ensure that tax clearance certificates are obtained and placed on file.</li> </ul>
	Procurement: No declaration of interest (EX. 134) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>The expense must be recorded in the irregular expenditure register and referred to MPAC.</li> <li>Amend the notes per the AFS accordingly.</li> <li>Timeous management reviews to ensure AFS has been amended.</li> </ul>
	Procurement: No supporting documentation for benefits from participation in organ of state contract (EX. 135) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review the bid documentation and obtain required documents.</li> <li>Ensure bid comply with SCM regulations.</li> </ul>
	Procurement Compliance: Non Submission of information (Ex. 154) COAF 8*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All instances of unauthorised, irregular, fruitless and wasteful expenditure be recorded in the register and report to MPAC.</li> <li>MPAC to investigate each instance recorded on merit and report to council.</li> <li>Council to review the report and resolve whether expenditure should be written off.</li> </ul>
	Disclosure: Numbering of notes to financial statements (EX. 157)	Inadequate SCM control	30 January 2015	Chief Financial	<ul style="list-style-type: none"> <li>The numbering of the notes to the AFS must be corrected.</li> <li>Timeous management reviews to ensure numbering is corrected.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	COAF 8*			Officer	
	Procurement: Irregular expenditure relating to the testing of awards (EX. 158) COAF 9*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All SCM transactions must be reviewed for compliance to SCM regulations.</li> <li>Irregular expenditure identified must be recorded in the irregular expenditure register.</li> <li>Irregular expenditure to be taken to MPAC for investigation.</li> </ul>
	Procurement: Deviation not disclosed in AFS and reported to council (EX. 178) COAF 9*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>The deviation must be approved and presented to the next council meeting.</li> <li>The notes per the AFS must be amended accordingly.</li> <li>Timeous management reviews to ensure AFS has been amended.</li> </ul>
	Procurement: No declaration of interest for supplier (EX. 179) COAF 9*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>The expense must be recorded in the irregular expenditure register and referred to MPAC.</li> <li>The notes per the AFS must be amended accordingly.</li> <li>Timeous management reviews to ensure AFS has been amended.</li> </ul>
	Procurement: No supplier declaration of interest (EX. 180) COAF 9*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>The expense must be recorded in the irregular expenditure register and referred to MPAC.</li> <li>The notes per the AFS must be amended accordingly.</li> <li>Timeous management reviews to ensure AFS has been amended.</li> </ul>
	Compliance: Annual budget was not made public within 10 working days after municipal council approval (EX. 187) COAF 10*	Inadequate management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement control procedures to ensure that annual budget is made public within the timeframe as required by Section 18 (1) of the Municipal Budget and reporting regulations.</li> </ul>
	Compliance: No evidence that the approved adjustments budget was made public within 10 working days (EX. 189)	Inadequate management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement control procedures to ensure that annual budget is made public within the timeframe as required by Section 18 (1) of the Municipal Budget and reporting regulations.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	COAF 10*				
	Compliance: HR Council did not inform MEC of appointment within 14 days (EX. 196) COAF 10*	Inadequate management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure concurrence of MEC is applied for should the appointment not be made within three months.</li> </ul>
	Compliance: HR annual report does not reflect minimum competencies (EX. 197) COAF 10*	Inadequate management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure that the annual report being prepared currently reflects the information regarding minimum competencies.</li> </ul>
	Compliance: HR annual performance evaluations not performed (EX. 200) COAF 10*	Inadequate management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Performance evaluations to be performed timeously.</li> <li>Ensure process is properly documented and evidence thereof is filed and kept for audit purposes.</li> </ul>
	Internal Control: HR Performance bonuses (EX. 201) COAF 10*	Inadequate management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure that performance bonuses of all senior managers are reviewed properly.</li> <li>Document the process and file the evidence for audit purposes</li> </ul>
	Compliance: Monthly statements were not submitted to Mayor within 10 working days after month end (EX. 204 ) COAF 10*	Inadequate management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement a process that will ensure that monthly statements are submitted to the Mayor within 10 working days after the end of each month.</li> <li>Obtain proof of submission and file for audit purposes.</li> </ul>
	Procurement: Competitive Bidding not followed (EX. 213) COAF 10*	Inadequate management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure that a process is implemented to prevent such instances.</li> <li>Document the process and file evidence for audit purposes.</li> </ul>
	Procurement: Deviation not disclosed in AFS and reported to council (EX. 214) COAF 10*	Inadequate management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure a deviation for Red Guard is approved by the accounting officer and report it to the council.</li> <li>Amend the notes to the AFS to disclose the deviation as irregular.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Procurement: Three quotations not obtained (EX. 216) COAF 10*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review the transactions noted and confirm non-compliance.</li> <li>Present deviations to accounting officer for his approval and include in the deviations register.</li> <li>Report deviations to next council meeting.</li> </ul>
	Procurement: Three quotations not obtained (EX. 217) COAF 10*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review the transactions noted and confirm non-compliance.</li> <li>Present deviations to accounting officer for his approval and include in the deviations register.</li> <li>Report deviations to next council meeting.</li> </ul>
	Procurement: Possible fraudulent supplier declaration of interest (EX. 219) COAF 10*	Inadequate SCM control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review all supplier database applications and ensure that each supplier has completed, signed and submitted a declaration of interest (MBD 4) form.</li> <li>Internal Audit to verify compliance and report to audit committee.</li> </ul>
	Compliance: Grant funding quarterly reports (EX. 221)	Inadequate management oversight	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management must ensure that all reports are submitted timeously.</li> <li>Internal Audit to verify compliance and to report to Audit committee.</li> </ul>
<b>Immovable Assets</b>					
	PPE: Assets inadequately insured (EX. 6) COAF2*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Compare FAR with Insurance portfolio.</li> <li>Discuss condition of assets with respective directorates.</li> <li>Adjust portfolio accordingly.</li> </ul>
	PPE: Maintenance of assets (EX. 14) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Evaluate the completeness of maintenance plans per the IDP.</li> <li>Ensure that preventative maintenance plans exist for all assets.</li> <li>Implement quarterly reporting on compliance.</li> </ul>
	PPE: Error in depreciation calculation (EX. 37) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review the FAR and correct the calculation formula.</li> <li>Determine value of the error and correct the GL votes.</li> <li>Adjust the AFS to agree with the General Ledger.</li> </ul>



	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	PPE: Disclosure of change in estimate note in financial statements (EX. 38) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Adjust the disclosure note per the AFS.</li> <li>Timeous management reviews of AFS to ensure change in estimates is disclosed correctly.</li> </ul>
	PPE: Property included on assets incorrectly (EX. 44) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Remove the asset from FAR.</li> <li>Process a journal to correct the General Ledger.</li> <li>Internal Audit to verify that the correction has been effected in both the FAR and General Ledger.</li> </ul>
	PPE: Asset management policy does not agree to the AFS notes (EX. 95) COAF 7*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Useful lives of asset types per AFS notes comply with asset management policy.</li> <li>Useful lives per accounting policy be aligned with the asset management policy.</li> <li>Timeous management review of AFS to ensure useful lives agree to the asset management policy.</li> <li>Proof of the review being performed be filed and kept as audit evidence.</li> </ul>
	Disclosure: Note on leases contradict PPE note (EX. 104) COAF 7*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Timeous management review of AFS to ensure notes relating to leases be reported correctly.</li> <li>Proof of the review being performed must be filed and kept as audit evidence</li> </ul>
<b>Investment property</b>					
	Investment Property: Fair value not disclosed in the AFS (Ex. 27) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Adjust the disclosure note per the AFS.</li> <li>Timeous management review of AFS to ensure change in estimates has been disclosed correctly.</li> </ul>
	Investment Property: Incorrect classification of land (EX. 75) COAF 6*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Adjust the Fixed Asset Register to correct the classification error.</li> <li>Adjust the AFS to correct the classification error.</li> </ul>
<b>• Movable assets</b>					
	PPE: Assets exist but not in register (EX 60) COAF 6*	Inadequate management reviews	30 January 2015	Chief Financial	<ul style="list-style-type: none"> <li>Add the asset to fixed asset register.</li> <li>Ensure the AFS are adjusted to include the asset.</li> </ul>



	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
				Officer	<ul style="list-style-type: none"> <li>Timeous management review to ensure that the AFS had been adjusted.</li> </ul>
	PPE: Asset barcodes not in FAR (EX. 70 ) COAF 6*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review the fixed asset register for completeness of barcode references.</li> <li>Verify assets annually and ensure barcode on the asset agrees with asset register.</li> <li>Internal Audit to verify compliance when performing an asset audit.</li> </ul>
	Opening balances: Incorrect classification of gain on disposal in AFS. (EX. 136) COAF 8*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Adjust AFS to reflect the correct amounts in the statement of financial performance.</li> <li>Timeous management reviews of AFS to ensure information is reported accurately.</li> </ul>
<b>Operating expenditure</b>					
	Grant Expenditure: VAT not claimed correctly (EX. 19) COAF 4*	Insufficient training on VAT provided to staff	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure officials are formally trained on VAT.</li> <li>Review payment vouchers to ensure VAT is treated correctly.</li> <li>Review Input VAT account to ensure VAT has been claimed correctly.</li> </ul>
	Grant Expenditure: Valid tax invoices not requested from VAT vendors (EX. 20) COAF 4*	Inadequate controls to ensure that valid tax invoices are obtained	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review tax invoices for VAT compliance.</li> <li>Ensure all invoices obtained from VAT vendors comply with the requirements of a tax invoice.</li> </ul>
	Grant Expenditure: Incorrectly included on the unauthorised and irregular register. (EX. 21) COAF 4*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Perform regular reviews of irregular expenditure register.</li> <li>Review of payment vouchers to ensure date stamp appears on all invoices.</li> <li>Ensure payment is made within 30 days.</li> </ul>
	Grant Expenditure: Invoice not paid within 30 days. (EX. 22) COAF 4*	Inadequate controls over the timeous payment.	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All invoices are directed through registry and a date stamp is affixed to the invoice.</li> <li>Review payment vouchers to ensure timeous payments are made.</li> </ul>
	Grant Expenditure: Payment to casual workers	Inadequate management reviews	30 January 2015	Chief Financial	<ul style="list-style-type: none"> <li>Supervisors to reconcile hours per summary sheet with attendance registers.</li> <li>Finance to check the correctness of days and tariffs</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	calculated incorrectly. (EX. 24) COAF 5*			Officer	<ul style="list-style-type: none"> <li>disclosed on the request for payment.</li> <li>Internal Audit to verify the tariffs.</li> </ul>
	PPE :Repairs and maintenance recorded in general ledger does not agree to supporting documentation(EX. 26) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Finance to ensure expenditure transactions are captured correctly.</li> <li>Verify that expenditure as well as VAT have been reflected accurately.</li> <li>Internal Audit to conduct compliance audits.</li> </ul>
	Expenditure: Input VAT was incorrectly claimed on interest charged. (EX. 39) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review supporting documents to ensure invoices do not include interest charged.</li> <li>Verify the expenditure as well as VAT have been reflected accurately. Internal Audit to conduct compliance audits</li> </ul>
	Expenditure: No quotation and/or signed purchase order on file (EX. 40) COAF 5*	Inadequate record keeping	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Prior to payment authorisation the existence of quotations, requisition and purchase orders be verified.</li> <li>If the payment voucher lack supporting documents it should be referred back to the requisitioning official.</li> <li>Internal Audit to verify compliance.</li> </ul>
	Expenditure: No proof that goods/services were received (EX. 41) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Prior to authorisation for payment the proof of receipt of goods should be verified.</li> <li>If the payment voucher lack supporting documents it should be referred back to the requisitioning official.</li> <li>Internal Audit to verify compliance.</li> </ul>
	Expenditure: Invoices not paid within 30 days (EX. 42) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>All invoices are channelled via registry to be date stamped.</li> <li>Invoices to be matched with supporting documents and authorised for payment.</li> <li>Process payments on the system and ensure payments are made within 30 days of date stamp on invoice.</li> </ul>
	Expenditure: VAT not claimed on tax invoices (EX. 43) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Schedule formal training for all officials dealing with VAT vendors.</li> <li>Finance to check all supplier invoices for compliance to a tax invoice.</li> <li>Ensure that the allocation of expense and VAT are</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
					correctly captured on the financial system.
	Expenditure: Expenses recorded in the incorrect financial year. (EX.59) COAF 6*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Compile cut-off procedures to ensure expenditure is captured in the correct financial period,</li> <li>• Review date for compliance before payment is approved.</li> </ul>
	Opening balances: VAT incorrectly claimed on a pro-forma invoice. (EX. 137) COAF 8*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Management should review all invoices submitted for payment and ensure VAT on pro-forma invoices are not claimed as input VAT.</li> <li>• Input VAT must only be claimed once a tax invoice has been obtained.</li> </ul>
	Opening balances: Expenditure recognised in the incorrect financial year. (EX. 138) COAF 8*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Management must ensure cut-off procedures are implemented.</li> <li>• Instances of non-compliance must be reported to management.</li> </ul>
	Opening balances: VAT not claimed on valid tax invoices. (EX. 161) COAF 9*	Inadequate VAT review control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Formal VAT training to be scheduled.</li> <li>• Each section must ensure that they are familiar with VAT aspects relating to their working environment.</li> <li>• The functionary responsible for VAT submissions must review and identify possible errors prior to submission.</li> <li>• Internal Audit to review and verify compliance.</li> </ul>
<b>Payable</b>					
	Payables: Lack of controls over payables and failure to pay invoices within 30 days (EX. 16) COAF 4*	Improper management of its creditors and repayment terms	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Ensure all invoices are channelled via Registry and are date stamped.</li> <li>• Review payment vouchers to ensure date stamp appears on all invoices. In progress</li> </ul>
	Finance Lease: Incorrect disclosure of the interest rate over the AFS (EX. 17) COAF 4*	N/a	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• RESOLVED.</li> </ul>
	Payables: Prior year balances to be written off to accumulated surplus (EX.	Inadequate management reviews	30 January 2015	Chief Financial	<ul style="list-style-type: none"> <li>• Compile and process journal on financial system. Adjust the AFS to correct the error. Review to ensure AFS agree to the GL.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	48) COAF 5*			Officer	
	Payables: Incorrect classification of payments (EX. 49) COAF 5*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Compile and process the journal on the financial system.</li> <li>• Adjust the AFS to correct the error.</li> <li>• Timeous management review to ensure AFS agrees with the GL.</li> </ul>
	Prior Year: Non submission of information for Payables (EX. 150) COAF 8*	Inadequate record keeping	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Management must ensure that supporting documentation is adequate and complete.</li> <li>• Payment vouchers must be filed properly and safeguarded.</li> <li>• Access to supporting documentation must be limited to expenditure section only.</li> <li>• Replacement vouchers must in all instances be used when a voucher is required by an official.</li> </ul>
	Prior Year: Non submission of information for payables (EX. 165) COAF 9*	Inadequate record keeping	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Management must ensure that supporting documentation is adequate and complete.</li> <li>• Payment vouchers must be filed properly and safeguarded.</li> <li>• Access to supporting documentation must be limited to expenditure section only.</li> <li>• Replacement vouchers must in all instances be used when a voucher is required by an official.</li> </ul>
	Prior year: Invoices submitted disagrees with creditors balance (EX. 190) COAF 10*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Review information per the accounting records and reconcile to information provided to AG.</li> <li>• Follow-up on all discrepancies and obtain reasons for differences.</li> </ul>
	Prior Year: Incorrect classification in the Prior Year Payables balance (EX. 191) COAF 10*	Inadequate management reviews	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>• Verify the correctness of the finding.</li> <li>• Adjust the AFS to correct the error.</li> </ul>
<b>Predetermined objectives</b>					
	AOPO: No disaster recovery plan (EX.3)	Inadequate review controls	30 January 2015	Director: Corporate	<ul style="list-style-type: none"> <li>• Disaster Recovery Plan or Business Continuity Plan</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	COAF1*			Services	
	AOPO: Performance targets not measurable (EX. 4) COAF1*	Inadequate review controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Review the 2014/2015 IDP and ensure performance targets are measurable.</li> <li>Perform Quarterly reviews to ensure that performance objectives are still applicable and in line with IDP.</li> </ul>
	AOPO: Approval of the SDBIP (EX. 29) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Ensure SDBIP is compiled after approval of the budget.</li> <li>Submit SDBIP to mayor for her review and approval.</li> <li>Internal Audit to verify timeous approval of the SDBIP by the mayor.</li> </ul>
	AOPO: Explanation of material variances (EX. 30) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Review the SDBIP and identify material differences.</li> <li>Provide explanations for the material differences and attach to the monthly budget statements.</li> <li>Internal audit to perform quarterly reviews to ensure compliance with MFMA legislation</li> </ul>
	AOPO: Monitoring and review of performance (EX. 31) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Ensure framework is fully implemented and reviewed before end of financial year.</li> <li>Implement and obtain quarterly directorate performance reports.</li> <li>Internal Audit to quarterly review compliance hereto.</li> </ul>
	AOPO: Annual performance report (EX. 32) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Include a comparison of performance activities for the year under review.</li> <li>Include comparison in final draft annual performance report for inclusion in the annual report.</li> </ul>
	AOPO: Performance management system (EX. 33) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Schedule and provide formal training to all role players.</li> <li>Ensure role players understand responsibilities on performance management to improve implementation of approved PMS framework.</li> <li>Internal Audit to review implemented PMS and verify compliance.</li> </ul>
	AOPO: Reported indicators not well defined (EX. 34) COAF 5*	Inadequate management controls		PMS/IDP Manager	<ul style="list-style-type: none"> <li>Formal training focussed on the setting of priorities, indicators, objectives and targets must be given.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	AOPO: Late submission of IDP (EX. 54) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>IDP and PMS Division in Office of the MM to ensure the IDP for the 2014/2015 financial year is submitted to the MEC for local government within 10 days of the adoption or amendment of the plan.</li> <li>Internal Audit to review and verify compliance</li> </ul>
	AOPO: Late submission of midyear assessment (EX. 55) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Ensure timeous submission of midyear performance report.</li> <li>Internal Audit to review and verify compliance.</li> </ul>
	AOPO: Ineffective performance management system (EX. 56) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Source a service provider to provide an accredited training on PMS.</li> <li>Capacitate role players with the development and implementation of PMS framework.</li> </ul>
	AOPO: Monitoring of data assurance procedures (EX. 57) COAF 5*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Source a service provider to provide an accredited training on PMS.</li> <li>Capacitate role players with the development and implementation of PMS framework.</li> </ul>
	AOPO: Late submission of SDBIP (EX. 91) COAF 6*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Management should ensure that the SDBIP is submitted to NT and Provincial Treasury in the required formats.</li> <li>The submission must be made within ten days after the mayor has approved the plan.</li> </ul>
	AOPO: Reported targets not measurable (EX. 92) COAF 6*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Review targets for measurability and re-define targets to be measurable.</li> </ul>
	AOPO: Differences between IDP and SDBIP (EX. 152) COAF 8*	Inadequate review controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Align IDP objectives with SDBIP.</li> <li>Align IDP objectives with Annual Performance Reports.</li> <li>Review and verify that the objectives have been aligned.</li> </ul>
	AOPO: Late publication of SDBIP (EX. 153) COAF 8*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Ensure that the SDBIP is presented to the mayor for approval.</li> <li>Ensure that SDBIP is published on the website within ten days after approval of the SDBIP by the mayor.</li> <li>Internal Audit to verify compliance with above.</li> </ul>
	AOPO: Reported indicators not well defined (EX. 162)	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Review IDP and SDBIP and ensure that targets and indicators comply with requirements.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	COAF 9*				<ul style="list-style-type: none"> <li>Adjust targets and indicators per IDP and SDBIP to comply with requirements.</li> <li>Internal Auditor to verify adjustments to targets and indicators.</li> </ul>
	AOPO: Targets not relevant (EX. 163) COAF 9*	Inadequate management controls	30 January 2015	PMS/IDP Manager	<ul style="list-style-type: none"> <li>Review IDP and SDBIP and ensure that targets and indicators comply with requirements.</li> <li>Adjust targets and indicators per IDP and SDBIP to comply with requirements.</li> <li>Internal Auditor to verify adjustments to targets and indicators.</li> </ul>
<b>• Provisions</b>					
	Provision for landfill site - Incorrect disclosure of consumption of the area of landfill site (EX. 50) COAF 5*	Inadequate management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Rectify the disclosure per the AFS. Review the AFS to ensure the % consumption is disclosed accurately.</li> </ul>
	Current Employee Liabilities: Inaccurate Provision for Leave Pay (EX. 82) COAF 6*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure leave forms are captured against the correct employee numbers,</li> <li>Adjust leave provision and AFS accordingly.</li> </ul>
	Provision: Non-compliance with Minimum Requirements for Waste Disposal (DWAF) 1998 (EX. 88) COAF 8*	Inadequate review controls	30 January 2015	Director: Community Services	<ul style="list-style-type: none"> <li>Identify all non-compliance issues.</li> <li>Draft and implement a plan to address issues.</li> <li>Internal Audit to verify progress on action plan to ensure compliance with minimum requirements.</li> </ul>
	Compliance: Incorrect leave classification (EX. 208) COAF 10*	Inadequate management controls	30 January 2015	Director: Corporate Services	<ul style="list-style-type: none"> <li>Ensure that leave types are recorded correctly.</li> </ul>
<b>Receivables</b>					
	Revenue and Receivables: No applicant signature on	Inadequate review controls	30 January 2015	Chief Financial	<ul style="list-style-type: none"> <li>Ensure that all indigent application forms are properly completed and signed by the applicant prior to approval of</li> </ul>



	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	indigent subsidy application (EX. 64) COAF 6*			Officer	<ul style="list-style-type: none"> <li>the application.</li> <li>All indigent application forms to be reviewed and updated timeously on an annual basis to ensure indigents registered on the system are valid.</li> <li>Internal audit to verify completeness of application forms approved.</li> </ul>
	Receivables: No monitoring of water consumption for indigent debtors (EX. 65) COAF 6*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement a control report to identify instances where indigent debtors exceeded their allowed water quota.</li> <li>Ensure that the policy specifically address the procedure to be followed once the water limit is exceeded.</li> </ul>
	Receivables: Chris Hani Debtor Reconciliation vat incorrectly recorded and claims submitted incorrectly (EX. 144) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure administration fees receivable are recorded exclusive of VAT.</li> <li>Ensure that claims submitted to Chris Hani are based on actual expenditure recorded in the general ledger</li> <li>Ensure that the accrual is recorded accurately in the general ledger.</li> </ul>
	Receivables: Municipality is listed as the owner for property erf on valuation roll not the debtor (EX. 146) COAF 9*	Inadequate management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management must transfer the properties to the debtor responsible for the property.</li> <li>All instances identified must be verified to ensure the properties had been transferred</li> </ul>
	Receivables: Rates levied on municipal property (EX. 147) COAF 8*	Inadequate management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review the rates levied on Consbill and identify all instances where rates have been levied erroneously.</li> <li>Prepare and process journals to correct the error on all affected accounts.</li> <li>Internal Audit to review and verify that errors were corrected.</li> </ul>
	Receivables: Councillor's arrear accounts (EX. 159) COAF 9*	Inadequate management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review Councillor accounts on a monthly basis.</li> <li>Report accounts in arrears for more than 90 days to MPAC and council.</li> <li>Internal Audit to review compliance and report to audit committee.</li> </ul>
<b>Revenue</b>					



	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Receivables from non-exchange transaction understated (EX. 222)	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Investigate all debtor accounts with credit balances monthly.</li> <li>Rectify account if the balance is due to an erroneous transaction.</li> </ul>
	Revenue: Differences between approved tariffs and tariffs per system (EX. 2) COAF 1*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Verify that approved tariffs are correctly uploaded. Internal Audit to verify correctness of tariffs on system.</li> </ul>
	Water Revenue: Incorrect meter readings (EX.10) COAF 4*	Inadequate control over readings	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refer to signed addendum where water function was reverted back to CHDM.</li> <li>Communicate the finding to CHDM</li> </ul>
	Water Revenue: No water meter readings recorded in meter reading book (EX. 11) COAF 4*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refer to signed addendum where water function was reverted back to CHDM.</li> <li>Communicate the finding to CHDM</li> </ul>
	Water Revenue: Debtors not in the water reading book (EX. 12) COAF 4*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refer to signed addendum where water function was reverted back to CHDM.</li> <li>Communicate the finding to CHDM</li> </ul>
	Revenue: Interest not charged on refuse removal accounts (EX. 15) COAF 4*	Inadequate debtor control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Analyse debtors' accounts and identify all instances where interest were not levied.</li> <li>Adjust accounts retrospectively.</li> <li>Adjust the AFS accordingly.</li> </ul>
	Revenue: Water subsidy incorrectly applied (EX. 35) COAF 5*	Inadequate management controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refer to signed addendum where water function was reverted back to CHDM.</li> <li>Communicate the finding to CHDM</li> </ul>
	Revenue: Application of indigents issues (EX. 45) COAF 5*	Inadequate management controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement a process where indigent applications are processed in a pre-determined month.</li> <li>Evaluate all applications for completeness of information and documentation.</li> <li>All documentation must be filed properly.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
					<ul style="list-style-type: none"> <li>Update all successful indigent applications on the debtors system.</li> <li>Ensure the procedure is repeated annually and timeously update the system.</li> </ul>
	Revenue: Non submission of a contract (EX. 94) COAF 7*	Inadequate record keeping	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management must ensure all rental agreements are valid and renewed timeously.</li> <li>Management must ensure all valid rental agreements are properly safeguarded.</li> <li>Agreements must be presented to Auditor General upon request.</li> </ul>
	Revenue: Rental contracts outdated (EX. 98) COAF 7*	Inadequate management controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management must ensure all rental agreements are valid and be renewed timeously.</li> <li>Management must ensure all valid rental agreements be properly safeguarded.</li> <li>Agreements must be presented to Auditor General upon request.</li> </ul>
	Revenue: Transactions incorrectly classified as rental income (EX. 99) COAF 8*	Inadequate review controls	30 January 20	Chief Financial Officer	<ul style="list-style-type: none"> <li>Draft and process journals to correct the GL classifications.</li> <li>Adjust the classification per the AFS.</li> <li>Internal Audit to verify correct allocation of journal entries.</li> </ul>
	Revenue: Rental income tariff issues(EX. 100) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement and maintain a register of rental agreements indicating the amount for each contract and also indicates when changes in amounts take place.</li> <li>Ensure that escalations are implemented as stipulated per the register.</li> <li>Internal Audit to review the register and ensure escalations has been implemented timeously.</li> </ul>
	Revenue: Sanitation and sewerage incorrect tariff (EX. 110) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure that the correct tariff is uploaded on Consbill.</li> <li>Correct the incorrect billing retrospectively.</li> <li>Adjust the AFS accordingly</li> <li>Internal Audit to verify that the correct tariff has been uploaded</li> </ul>
	Revenue: Refuse incomplete (EX. 111)	Inadequate management controls	30 January 2015	Chief Financial	<ul style="list-style-type: none"> <li>Ensure that the correct tariff is uploaded on Consbill.</li> <li>Correct the incorrect billing retrospectively.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	COAF 8*			Officer	<ul style="list-style-type: none"> <li>Adjust the AFS accordingly</li> <li>Internal Audit to verify that the correct tariff has been uploaded</li> </ul>
	Revenue: Property transfers not made on the system (EX. 112) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure details of new owners are uploaded once property has been registered with deeds office.</li> <li>All properties registered for property rates must also be levied with other service charges.</li> <li>Internal Audit to verify and report on compliance.</li> </ul>
	Revenue: Rental Income not received in accordance with contract (EX. 113) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review and update contract with Cell C.</li> <li>Monthly rentals to be levied and received.</li> <li>Rental agreement to be renewed on an annual basis.</li> <li>Internal Audit to review rental agreements and verify agreements are valid and rent is levied.</li> </ul>
	Revenue: Rental Completeness issues (EX. 119) COAF 8*	Inadequate management controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Rental register to be updated with all rental agreements.</li> <li>General Ledger must be reconciled with the rental register on a monthly basis.</li> <li>Internal Audit to verify amounts are levied in accordance with the rental agreements</li> </ul>
	Revenue: No supplementary roll for 2013/2014 (EX. 127) COAF 8*	N/a.	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>RESOLVED.</li> </ul>
	Revenue: Rental income cut off (EX. 139) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Implement cut-off procedures are implemented to ensure rental income is recognised accurately.</li> <li>A journal must be processed to correct the accounting records.</li> <li>Adjust the AFS accordingly.</li> </ul>
	Revenue: Projected Misstatements (EX. 142) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management to review the disagreement misstatements and ensure that GL amounts recognised are supported by adequate documentation.</li> <li>Supporting documentation regarding the rental amount levied with MTN to be obtained and placed on file for audit purposes.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	Revenue: Tariff schedule inconsistent with approved tariff policy (EX. 143) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management to ensure that the tariff schedule as approved by council and communicated to the revenue accountant.</li> <li>Approved tariffs to be uploaded on Consbill timeously.</li> <li>IA to review tariffs on Consbill and verify correctness thereof.</li> </ul>
	Revenue: Electricity Distribution losses (EX. 145) COAF 8*	Inadequate management controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management to ensure that electricity meters are installed at all sites.</li> <li>Meter readings to be recorded monthly and the consumers be billed.</li> <li>Distribution losses must be calculated and reported to management.</li> <li>Internal Audit to test compliance and report on findings.</li> </ul>
	Revenue: Incorrect tariff rates used in the calculation of water revenue. (EX. 168) COAF 9*	Inadequate revenue control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refer to signed addendum where water function was reverted back to CHDM.</li> <li>Communicate the finding to CHDM.</li> </ul>
	Revenue: Incorrect water meter readings used in water calculation.(EX. 169) COAF 9*	Inadequate management control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Refer to signed addendum where water function was reverted back to CHDM.</li> <li>Communicate the finding to CHDM.</li> </ul>
	Revenue: Debtor not taken off the books (EX. 185) COAF 9*	Inadequate debtor control	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Review all debtor accounts and remove all inactive accounts from the debtors' ledger.</li> <li>Adjust the impairment provision accordingly.</li> </ul>
<b>Taxes</b>					
	VAT : Incorrect amount for VAT on provision for bad debts (EX. 51) COAF 5*	Inadequate management controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Adjust the General Ledger vote with a correcting journal.</li> <li>Adjust the AFS accordingly.</li> <li>Review whether the AFS agrees to the General Ledger</li> </ul>
	VAT : Interest and penalties have not been recorded	Inadequate management reviews	30 January 2015	Chief Financial	<ul style="list-style-type: none"> <li>Obtain monthly electronic Statements of Account from SARS.</li> </ul>

	Finding	Root Cause	Due Date	Responsible Functionary	Actions to be implemented
	(EX. 52) COAF 5*			Officer	<ul style="list-style-type: none"> <li>Reconcile statements to VAT 201's submitted.</li> <li>Identify if any interest and penalties were levied and journalise these transactions.</li> <li>Record in the register of fruitless and wasteful expenditure and report as required.</li> </ul>
	VAT :No apportionment of input VAT for goods and services used for mixed supplies (EX. 53) COAF 6*	Inadequate management controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Management should perform the VAT apportionment bi-monthly and report to CFO.</li> <li>VAT apportionment must be calculated annually and applied to VAT 201 returns submitted.</li> </ul>
	VAT: Late submission of VAT 201 (EX.87) COAF 6*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure VAT returns are completed and submitted in accordance with the VAT act.</li> <li>Review VAT reconciliations and ensure VAT 201 returns have been submitted.</li> </ul>
	Revenue: Error with accounting for VAT for rental (EX. 97) COAF 8*	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Formal VAT training be scheduled for finance personnel.</li> <li>Each section must be familiar with VAT aspects relating to their department.</li> <li>The functionary responsible for VAT submissions must review and identify possible errors prior to submission.</li> <li>Internal Audit to review and report on compliance.</li> </ul>
	VAT: VAT control account has not been cleared correctly (EX. 151)	Inadequate review controls	30 January 2015	Chief Financial Officer	<ul style="list-style-type: none"> <li>Ensure officials are formally trained on VAT. Perform a proper reconciliation of GL with the VAT201 prior to submission.</li> <li>Reconciliation to be reviewed for correctness and be signed as proof.</li> <li>Internal Audit to verify that VAT 201 returns are submitted timeously.</li> </ul>

**COMMENTS ON AUDITOR-GENERAL'S OPINION 2013/2014:**

***T 6.2.4***

**COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:**

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

***T 6.2.5***

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## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery and infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to



	achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## APPENDICES

## APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

List of Councillors	Political Party	Ward Representing	Number of Council meetings held (including specials)	Number of Council meetings attended
1. Ntombizanele Koni	ANC	1	12	8
2. Nokwandisa Ziduli	ANC	2	12	10
3. Khunjulwa Nkasela	ANC	2	12	12
4. Cecil Bobotyana	ANC	3	12	7
5. Lumka Mapete	ANC	4	12	10
6. Vuyani Jordaan	ANC	4	12	9
7. Nolwando Qhashani	ANC	5	12	10
8. Zoleka Mketsa	COPE	5	12	5
9. Nonkosikho Peter	ANC	6	12	10
10. Sibha Liwani	ANC	6	12	12
11. Pretty Nobaza	ANC	7	12	10

12. Dumisa Kalolo	ANC	7	12	12
13. Luvuyo Mooi	ANC	8	12	10
14. Nomveliso Nyukwana	ANC	8	12	11
15. Thembekile Dudumashe	ANC	9	12	6
16. Mntunjani Mani	ANC	9	12	11
17. Lindile Gwegwana	ANC	10	12	8
18. Badikazi Twala	ANC	10	12	9
19. Kwaaiman Mjezu	UDM	10	12	7
20. Zukile Teka	ANC	11	12	8
21. Thandeka Kulashe	ANC	11	12	11
22. Zandisile Dyonase	ANC	12	12	9
23. Thandiwe Ndlela	ANC	12	12	11
24. Nowandisile Kraqa	ANC	13	12	9
25. Nolitha Lali	ANC	13	12	10
26. Mzamo Godla	ANC	14	12	10
27. Nomhle Dlikilili	ANC	14	12	11

28. Peter Greyling	DA	14	12	6
29. Simon Mnyuko	ANC	15	12	7
30. Bootman Komani	ANC	16	12	10
31. Thando Kwatshana	PAM	16	12	8
32. Zamekile Papisa	ANC	17	12	12
33. Nothekanti Holana	ANC	17	12	9
34. Ntobeko Phendu	ANC	03	12	

Traditional Leaders, Committees Allocated and Council Attendance					
Members of Traditional Leadership	Full Time / Part Time  FT/PT	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Koto, D.	PT	IPED	Ward 7	100	0
Nqwenani, N	PT	IPED	Ward 2	100	0

Traditional Leaders, Committees Allocated and Council Attendance					
Members of Traditional Leadership	Full Time / Part Time  FT/PT	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Gili, P.	PT	Finance	Ward 15	100	0
Mzandisi, M.	PT	Infrastructure	Ward 6	100	0
Somdaka, M	PT	Community Services,	Ward 5	100	0
Kamteni, M	PT	Community Services,	Ward 1	100	0
Mtubu, Z	PT	Governance	Ward 13	100	

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
1. Executive Committee	To consider the issues from Standing Committees for effective and efficient performance of functions and exercising of	1. N Nyukwana	7	5
		2. BP Twala	7	7
		3. N Koni		

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
	its powers	4. T Kulashe 5. S Liwani	7 7 7	4 6 5
2. IPED Standing Committee	To consider matters related to the LED KPA and recommend to the Executive Committee	1 BP Twala 2 T.R Dudumashe 3 N Ziduli 4 Z.H Teka 5 T Ndlela	5 5 5 5 5	5 5 3 2 3
3. Finance Standing Committee	To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective, including inter alia the following - Budget alignment; Monitoring and budget implementation; Control measures Financial reporting; Budget management including revenue and expenditure management; Capital raising; and Supply Chain management.	1 N Lali 2 M Godla 3 LN Qashani 4 ZW Mketsu	4 4 4 4	3 3 3 0
4. Infrastructure Standing Committee	To consider and to make recommendations on all matters affecting the civil engineering and electrical infrastructure, associated designs and mechanical and scientific services , including inter alia the following – <ul style="list-style-type: none"> <li>Air pollution;</li> <li>Electricity and gas reticulation;</li> </ul>	1 N Koni 2 S Mnyuko 3 N Holana	6 6 6	4 3 4

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
	<ul style="list-style-type: none"> <li>• Municipal airports;</li> <li>• Municipal public works Storm water management systems;</li> <li>• Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal</li> <li>• Municipal public transport systems;</li> <li>• Cleansing;</li> <li>• Municipal roads;</li> <li>• Refuse removal, refuse dumps and solid waste disposal;</li> <li>• Street lighting; and</li> <li>• Traffic and parking</li> <li>• Fleet management and maintenance</li> <li>• Scientific services</li> <li>• Built environment with the exception of town planning building control</li> </ul>	4 P Mapete  5 Z Papiso  6 V Jordaan	6  6  6	6  6  2
5. Governance and Administration Standing Committee	To consider and to make recommendations to the Council on the measures necessary including inter alia the following – <ul style="list-style-type: none"> <li>• Industrial relations matters, including to investigate questions relating to job evaluations and the submission thereof to the Industrial Council and to consider measures relating to Conciliation Boards and Industrial Court hearings</li> <li>• Manpower planning</li> <li>• Recruitment, selection, remuneration, utilization and development of staff;</li> <li>• Occupational Health and Safety and Industrial Health services;</li> <li>• Productivity in the municipal workforce</li> <li>• Training and staff development;</li> <li>• Employment equity and skills</li> </ul>	1. T Kulashe 2. M Mani 3. Z Dyonase 4. H Bobotyana 5. N Kraqa 6. K Mjezu	6  6  6  6  6	6  3  3  2  3  5

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
	<p>development</p> <ul style="list-style-type: none"> <li>Employee performance;</li> <li>Information and technology support services;</li> <li>Contract management and negotiations in respect of salary increases and fringe benefits;</li> <li>Measures required in respect of the avoidance of strike and other conflict actions;</li> <li>Policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments; and</li> </ul> <p>Facilities management.</p>			
6. Community Standing Committee	<p>To consider and make recommendations to the Mayoral Committee on in respect of all environmental services matters as provided for in any relevant legislation and all community matters; to consider all matters under the control of the Director of Community Services, including inter alia the following –</p> <p>Childcare facilities;</p> <p>Pontoons, ferries, jetties, piers and harbours [excluding the regulation of international and national shipping and matters related thereto];</p> <p>Beaches and amusement facilities;</p> <p>Cemeteries, funeral parlours and crematoria;</p> <p>Fencing and fences;</p> <p>Local amenities;</p> <p>Local sports facilities</p> <p>Municipal parks and recreation</p>	<ol style="list-style-type: none"> <li>1. S Liwani</li> <li>2. P Greyling</li> <li>3. P Nobaza</li> <li>4. L Gwegwana</li> <li>5. B Komani</li> <li>6. M Somdaka</li> </ol>	<p>3</p> <p>3</p> <p>3</p> <p>3</p> <p>3</p> <p>3</p>	<p>3</p> <p>1</p> <p>3</p> <p>2</p> <p>2</p> <p>2</p>



List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
	Public places; Horticulture; Libraries; Halls; and Community Support Centres.			
7. MPAC Committee	The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. Consider and evaluate the content of the annual report and make recommendations to Council when adopting an oversight report on the annual report as required in terms of section 121 of the Local Government: Municipal Finance management Act and Circular no 32 issued by the Minister of Finance	1. L Mooi 2. T Kwatshana 3. N Dlikili 4. N Peter 5. K Nkasela	6 6 6 6 6	5 4 2 5 4
8. IDP and Budget Steering Committee	The Budget Committee will fulfil the following Operational functions. <ul style="list-style-type: none"> <li>Budget Management</li> <li>Revenue (Including Tariffs Expenditure)</li> <li>In-year Financial Reporting</li> <li>Control Measures of Budget Implementation</li> <li>Monitoring and Budget Progress</li> <li>Budget Implementation</li> </ul> <p>It must be emphasized that the interface with the IDP, Budget Strategy and Performance Management Committee is central to the achievement of delivery objectives and must be closely monitored</p>	1. N Nyukwana 2. S Liwani 3. T Kulashe 4. BP Twala	2  2 2 2	2  1 1 2
9. Training Committee	To play an oversight role on capacity	1. DS Kalolo 2. N Ziduli	2	1

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
	building of municipal workforce, councilors and the community	3. T Kulashe	2 2	1 2
10. Local Labour Forum	To make recommendations to the Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable, marginalized or special interest groups, with specific focus on: Young people, the aged, the disabled, gender-related issues, special projects.	1. T Kulashe 2. N Koni	3 1	3 1
11. Rules Committee	To determine the standing rules and orders of procedure for the Council.	D Kalolo	2	2
12. Remuneration Committee	To examine information provided to the Committee dealing with the total remuneration package of all Section 56 Managers including the Municipal Manager.	1. N Nyukwana 2. Dr SW Vatala	3	3
13. Audit Committee	The primary purpose of the Audit Committee is to assist the Council discharge its responsibility in maintaining and applying appropriate accounting and financial reporting processes and procedures as well as maintaining effective risk management and internal controls.	1. Municipal Manager 2. Internal Audit 3. MPAC Chairperson on invitation	4  4 4	3  4 2

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

*Note: Signed municipal organogram is attached as volume III in the Audited Annual Report.*

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

ELM has no entity operating under the ambit of the local administration.

## APPENDIX E – WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr. Koni, N.F.	Yes	12	12	4
	Bikwana Sebenzile				
	Biso K Kindelwa				
	Maliti Mhleiso				
	Mbakuse Mfusi				
	Mgca Siyabulela				
	Mgqibelo Nobandla				
	Mrwebi Thozama				
	Peter Zuziwe				
	Sabongo Thembelani				
	Sithukuthezi Nosibusiso				
2	Cllr. Ziduli, N	Yes	12	12	4
	Feketsha Nowitness				
	Fitshane Nikelwa				
	Gama Ncamile				
	Hungana Nomakhuma				
	Kanafana Mbuzeli				
	Khonzani Nobongile				
	Mketsu Nowezile				
	Pike Lindelwa				
	Sithelo Nocingile				
	Zothe Weweni				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
3	Cllr. Bobotyana, CH.	Yes	12	12	4
	Arosi N Phathiswa				
	Dyasi Nosicelo				
	Havi Zilindile				
	Mase Nontuthuzelo				
	Mateta Xolile				
	Mdyosi Malungisa				
	Ndabambi Mzikayise				
	Nkwentsha Nokubonga				
	Nyalela Ncediwe				
	Xezu Michael				
4	Cllr. Mapete, L.	Yes	12	12	4
	Katsi-Katsi Noxolo				
	Mthwa Nomazulu				
	Mnqawula Khungeka				
	Ndamase Noxolo				
	Pemba Vuyisile				
	Sigwela Mzwandile				
	Sulo Nobayeke				
	Taho Zwelethemba				
	Tyhulu Greycol Eli				
	Xiphu Nowethu				
5	Cllr. Qashane, N.	Yes	12	12	4
	Bhatyi Thabile				
	Fihlani Noluzile				
	Hangana Ncedeka				
	Kelembe Nomazola Portia				
	Madolo Yoliswa				
	Mfenyana Sandile				
	Mxabangeli Zolisa				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Mzandisi Nomonde				
	Ngodwana Danjiswa				
	Zibi Nomzi				
6	Cllr. Peter, N.	Yes	12	12	4
	Baba Paris Ayanda				
	<b>Bidi Zola (New)</b>				
	<b>Botha Sandisa (resigned 17/06/13)</b>				
	Gobo Msobomvu Elias				
	Mbayise Khayaletu				
	Ngqokamashe Phindiswa				
	Ntwasa Lindeka				
	Sigojo Sandi				
	Tsolwana Malobola				
	Vukubi Nosabelo				
	Yawa Nozimasile				
7	Cllr. Nobaza , P.	Yes	12	12	4
	Bolitye Polina				
	Mbolompo Nomnikelo				
	Mathumbu Benjamin				
	Mavi Zuzile				
	Mzazi Nceba				
	Sigongolo Nosebenzile				
	Taka Ndzakele				
	Teteni Nokholekile				
	Xabana Nonkosazana				
	Zama Sipho				
8	Cllr. Mooi, L.	Yes	12	12	4
	Dintsi Nowongile E				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Dintsi Nosandiso L				
	Malilwana E Thembeni				
	Mantshi S Mzwanele				
	Ngcozana Lizeka				
	<i>Ngqaqu Nozukile Mirriam</i>				
	Siko Ntobeko Sarel				
	Thungela Buyiswa Sylvia				
	Tsholoba Anna No-Andile				
	Xhaka S Lulama				
9	Cllr. Dudumashe, T.	Yes	12	12	4
	April Nosakhele				
	Davani Nolulamile				
	Foyo Nolesini				
	Gwe Nobandla				
	Khiya Joicy				
	Ncapayi Vuyisile				
	Nyukwana Mbuyisile				
	Qampi Khunjuzwa				
	Tshabe Chwayita				
	Xaso Zolile				
10	Cllr. Gwegwana, L.	Yes	12	12	4
	Hlebo Weziwe				
	Khanuka Jasca				
	Lese Thantaswa				
	Manqunyana Popi				
	Mayika Nosango				
	Moshane Zoyisile				
	Ndako Makuthweni				
	Prusent Nomandla				
	Spungu Ntombizodwa				
	Zondani Bakazi				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
11	Cllr. Teka, Z.	Yes	12	12	4
	Basela Vuyo				
	Bobotyana Vuyokazi				
	Fasi Lungiswa				
	Masiza Mvula Raymond				
	Mayekiso Phuthumani				
	Mondile Thembi				
	Mosina Thobile				
	Mtshayi Thozama				
	Penxe Xola				
	Tyalimpi Nokuphumla				
	Basela Vuyo				
12	Cllr. Dyonase, Z.	Yes	12	12	4
	Bakhe Nosingile				
	Bomvana Zanele				
	Ma-Afrika Mavevile				
	Mateza Ntsikelelo				
	Mpombola Nontombi				
	Ndlebe Yoliswa				
	Peter Zukiswa				
	Qhama Zola				
	Rasmeni Nontsikelelo				
	Zuba Nomasakhe				
13	Cllr. Kraqa, N.	Yes	12	12	4
	Booi Neliswa				
	Gongo Mckenzie				
	Majaja Nosiyabonga				
	Manyonga Mbuyiselo				
	Mtubu Nophumzile				
	Noholoza Monwabisi				
	Ntsonkotha Nowethu				



Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Tonti Mandlenkosi				
	Tshisa Nomelikhaya				
	Williams Nosakhele				
14	Cllr. Godla, M.	Yes	12	12	4
	Boniswa Zukiswa				
	Cekiso Nontombizanele				
	Gaji Ntombizanele				
	Mangena Monwabisi				
	Mangqamba Mhlangabezi				
	Mayekiso Nomvuyiseko				
	Mbekwa Nokubonga				
	Mthiya Seth				
	Phendu Nomsimelelo				
	Tshali Nwabisa				
15	Cllr. Mnyuko, S.	Yes	12	12	4
	Gosa Mziwentombi				
	Kalalo Nolusapho				
	Kenyana Bukelwa				
	Mzandolo Nolesi Julia				
	Ndzeku Nolinsethi				
	Ngxiya Mavis Mimi				
	Sam Phuthumile Patrick				
	Skeyi Vele Alton				
	Siphungo Nontsebenzo				
	Tshali Danile				
16	Cllr. Komani, B.	Yes	12	12	4
	Jomani Sarah				
	Khuselo Zoliswa				
	Mdunana William				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Mdyogolo Bukelwa				
	Mini Bukelwa				
	Mzuzwana Nontsapho T				
	Njova Wilson				
	Qobongwana Nombuyiselo				
	Tshabalala Nomthandazo				
	Vava Gladys				
17	Cllr. Papiso, Z.	Yes	12	12	4
	Dyongo Nomantombazana				
	Femele Lindiwe				
	Kama Nolisten				
	Kapa Neli				
	Mankayi Zoleka				
	Matholengwe Gcinikhaya				
	Mtwecu Nongenile				
	Ntamnani Maqhuma				
	Penxe Nowinala				
	Plaatjies Nkosana				

## APPENDIX F – WARD INFORMATION – WARD 1

Ward 1				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>
WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED				<i>TF.3</i>

## APPENDIX F – WARD INFORMATION – WARD 2

Ward 2				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	Ntshinga to Njombela Access Road		Still in Progress	R5 910 000
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 3

Ward Title: Ward 3				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	none			
				<i>T F.1</i>

## APPENDIX F – WARD INFORMATION – WARD 4

Ward 4				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	Renovation of Sport field: L/Frere		Still in Progress	R 4 843 000
	Traffic department establishment in Lady Frere Phase 1 – Lakishi SP		Complete	R1 200 000
	Development of Landfill Site in Lady Free		Multi-year project	R2 820 000
	Establishment of Hawker Stalls			R1 364 000
				<i>T F.1</i>

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED)

*T F.3*

## APPENDIX F – WARD INFORMATION – WARD 5

Ward 5				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000

No.	Project Name and detail	Start Date	End Date	Total Value
	none			
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 6

Ward 6				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 7

Ward 7				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 8

Ward 8				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	R392 to Fani Village Access Road		Complete	R3 572

				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 9

Ward 9				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	Construction of Dukhathole to Mmangweni Road		Still in progress	5 910 000
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 10

Ward 10				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 11

Ward 11				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 12

Ward 12				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 13

Ward 13				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – WARD 14

Ward 14				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	Mhlanga Access road		Multi-year	R443 950
				<i>TF.1</i>



## APPENDIX F – WARD INFORMATION – WARD 15

Ward 15				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>

## APPENDIX F – WARD INFORMATION – Ward 16

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	None			
				<i>TF.1</i>

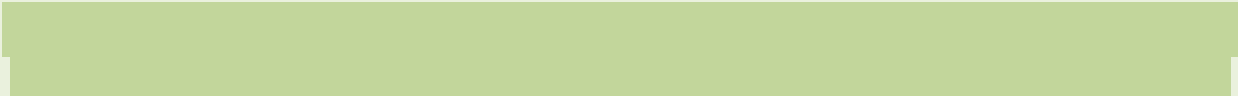
## APPENDIX F – WARD INFORMATION – WARD 17

Ward 17				
Capital Projects: Seven Largest in 2013/2014 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	Construction of Ntshinga to Njombela Road			1 000

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2013/2014

Municipal Audit Committee Recommendations		
Date of Committee	Committee Recommendation during the year	Recommendations adopted (enter yes), If not adopted (provide explanations)
28 August 2013	<ul style="list-style-type: none"> <li>CFO to fill in the gaps on the draft and forward the final AFS to the AC on the afternoon of 29 August 2013 so they can comment and forward a report to Council.</li> <li>To submit the final AFS to AG on 30 or 31 August 2013.</li> <li>High level review by Internal Audit to be done before 29 August 2013</li> </ul>	Yes
29 October 2013	<ul style="list-style-type: none"> <li>The AC recommended that the CFO present action plan to address the findings as reported, with clear timeframes.</li> <li>The AC approved the Internal Audit Plan for 2013/14.</li> <li>The AC approved the charter for 2013/14.</li> <li>The AC approved the Internal Audit Plan for 2013/14 to 2015/16.</li> <li>The Municipal Manager to give feedback on Risk Management implementation in the next meeting.</li> <li>The AC noted the IA reports on Loss</li> </ul>	Yes

	<p>Control and IT General Controls.</p> <ul style="list-style-type: none"><li>• The AC noted the manual with the following comments : Numbering on the document to be corrected</li><li>• Correction of the Audit universe with regards to number of sub- Directorates.</li></ul>	
04 December 2013	<ul style="list-style-type: none"><li>• To have a comprehensive action plan.</li><li>• To forward the final report to AC members after AG has released it.</li></ul>	Yes
02 June 2014	Recommendations of the Audit Committee were confirmed in October 2014	Yes



*Note: Emalahleni Local Municipality does not have long term contracts entered into during the year under review. Therefore the table is not applicable to the municipality.*

[illegible]

					TH.1

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

*Note: Emalahleni Local Municipality does not have a municipal entity or entities reporting to it or under its supervision and management. Thus the table below is not applicable to the municipality in relation to the year under review.*

[illegible]

Note: This statement should include no more than the top four priority indicators. \* 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. 'FY' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold *italics*) then the Service Target underneath (not in bold - standard type face) to derive the target for the current year.

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2013 to 30 June of 2014 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Executive Committee and Mayor	N Nyukwana	None
Speaker	N Lali	None
Chief Whip	S Liwani	None
Councillor	V Jordaan	None
Councillor	N Koni	None
Councillor	S Mnyuko	None
Councillor	N Dlikilili	None
Councillor	N Holana	None
Councillor	P Mapete	None
Councillor	M Godla	None
Councillor	L Mooi	None
Councillor	DS Kalolo	None
Councillor	N Qashani	None
Councillor	BP Twala	None
Councillor	TR Dudumashe	None



Councillor	N Ziduli	None
Councillor	ZH Teka	None
Councillor	TR Ndlela	None
Councillor	N Peter	None
Councillor	T Kulashe	None
Councillor	M Mani	None
Councillor	Z Dyonase	None
Councillor	HC Bobotyana	None
Councillor	N Kraqa	None
Councillor	K Mjezu	None
Councillor	K Nkasela	None
Councillor	P Greyling	None
Councillor	P Nobaza	None
Councillor	L Gwegwana	None
Councillor	B Komani	Shares and Securities in my Company
Councillor	T Kwatshana	None
Councillor	Z Papiso	None
Councillor	Z Mketsu	None

<b>Other Sections 56 and 57 Officials</b>		None
Municipal Manager	Dr SW Vatala	Membership of a Close Corporation (Siyabonga Tours, TSZ Investment Holdings), Other Financial Interests in Business Undertaking (Petroleum and Mining), Interest in Property (Apartment Rental, Stock Farming), Employment and Remuneration (Emalahleni LM as the Municipal Manager).
Chief Financial Officer	Mr. GP de Jager	None
Infrastructure Development and Human Settlements	Mr. D Njilo	None
Planning & Economic Development	Mr. N Mntuyedwa	None
Community Services	Mrs. N Nyezi	None
Corporate Services	Mrs. POB Makoma-Sohe	None
Finance Manager (Annual Financial Statements)	Mr. C Eberson	Employment and Remuneration (Emalahleni LM as Finance Manager-AFS), Interest in any Trust (Jannica Family Trust).
Supply Chain Manager	Miss B Tsotso	None
Chief Accountant	Mr. ZG Dlova	Shares in my Company (Shares in Listed Company Comater), Pension (Retirement Annuity with Momentum Insurance).
Supply Chain Practitioner	Miss. NC Mpangele	None
Purchasing Clerk	Mr. M Nyengane	None
Supply Chain Administrator	Mr. N Stemela	None
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A TJ		

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

## APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

EMALAHLENI MUNICIPALITY						
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014						
MUNICIPAL VOTES CLASSIFICATION						
2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
81 789 773	(18 816 211)	62 973 562	Budget and Treasury	85 761 894	(29 464 421)	56 297 473
1 185 368	(8 861 490)	(7 676 122)	Community Services	1 649 180	(19 632 888)	(17 983 709)
84 017	(12 727 498)	(12 643 481)	Corporate Services	395	(13 682 927)	(13 682 533)
238 316	(15 071 362)	(14 833 046)	Council	5 376 216	(16 234 646)	(10 858 431)
14 904 650	(20 925 438)	(6 020 788)	Electricity	19 285 316	(24 745 199)	(5 459 884)
-	(5 538 498)	(5 538 498)	Executive	115 439	(8 106 239)	(7 990 800)
-	(1 497 534)	(1 497 534)	Housing Services	36 600	(1 201 121)	(1 164 521)
2 362 186	(8 094 684)	(5 732 498)	IPED	2 884 194	(8 080 821)	(5 196 627)
4 342 764	(5 649 945)	(1 307 181)	Refuse	4 630 355	(5 755 187)	(1 124 832)
22 638 281	(26 115 629)	(3 477 348)	Roads Transport	32 289 899	(27 658 284)	4 631 615
28 849 066	(30 438 535)	(1 589 468)	Water and Sanitation	38 474 121	(41 270 823)	(2 796 702)
156 394 420	(153 736 822)	2 657 598	Sub Total	190 503 608	(195 832 558)	(5 328 949)
-	-	-		-	-	-
156 394 420	(153 736 822)	2 657 598	Total	190 503 608	(195 832 558)	(5 328 949)

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description  R thousand	2013/2014									2012/2013			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Special Adjustments / Unforeseen & Unavoidable	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2		3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>													
Property rates	4 675	(2 700)		1 975	3 218		1 244	163.0%	68.8%				3 530
Property rates - penalties & collection charges	-	-		-	-		-	-	-				-
Service charges - electricity revenue	6 485	671		7 156	8 048		892	112.5%	124.1%				5 662
Service charges - water revenue	3 839	(1 010)		2 829	6 899		4 070	243.8%	179.7%				2 895
Service charges - sanitation revenue	3 412	(181)		3 230	3 739		509	115.8%	109.6%				3 688
Service charges - refuse revenue	4 200	(1 200)		3 000	2 695		(305)	89.8%	64.2%				2 668
Service charges - other	-	-		-	-		-	-	-				-
Rental of facilities and equipment	491	96		586	731		145	124.8%	149.1%				620
Interest earned - external investments	1 516	509		2 025	3 005		980	148.4%	198.2%				2 862
Interest earned - outstanding debtors	4 278	672		4 950	7 834		2 884	158.3%	183.1%				6 471
Dividends received	-	-		-	-		-	-	-				-
Fines	0	(0)		-	115		115	#DIV/0!	115439.5%				1
Licences and permits	220	264		484	383		(101)	79.2%	174.1%				353
Agency services	1 182	18		1 200	61		(1 139)	5.1%	5.2%				93
Transfers recognised - operational	104 225	(5 675)		98 550	98 441		(108)	99.9%	94.5%				85 415
Other revenue	33 128	1 278		34 406	27 135		(7 270)	78.9%	81.9%				21 434
Gains on disposal of PPE	150	(150)		-	-		-	-	-				207
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>167 799</b>	<b>(7 409)</b>	<b>-</b>	<b>160 390</b>	<b>162 305</b>		<b>1 915</b>	<b>101.2%</b>	<b>96.7%</b>				<b>135 898</b>

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG 2013/14

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003								
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2013	Corrections Prior year	Restated Balance 1 JULY 2012	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2014
	R			R	R	R	R	R
<b>National Government Grants</b>	<b>(3 038 072)</b>	<b>5 745 722</b>	<b>2 707 650</b>	<b>105 766 101</b>	<b>(1 354 000)</b>	<b>82 269 575</b>	<b>20 792 761</b>	<b>4 057 415</b>
Equitable share	-		-	69 797 100		69 797 100		-
Local Government Financial Management Grant (FMG)	(121 102)		(121 102)	1 500 000	-	1 378 898		-
Municipal Infrastructure Grant (MIG)	(3 745 722)	3 745 722	-	23 311 000			20 792 761	2 518 239
Municipal Systems Improvement Grant (MSIG)	(64 424)		(64 424)	800 000		735 576		-
Department of Water affairs and forestry (DWAF)	43 176		43 176	(0)		-		43 176
Integrated National Electrification Grant (INEP)	350 000	2 000 000	2 350 000	9 000 000	(1 354 000)	9 000 000		996 000
Neighbourhood Development Program Grant (NDPG)	-		-	-				-
Extended Public Works Program (EPWP)	-		-	1 358 000		1 358 000		-
Town Revitalisation	500 000		500 000	-		-		500 000
<b>Provincial Government Grants</b>	<b>734 027</b>	<b>-</b>	<b>734 027</b>	<b>890 990</b>		<b>356 396</b>	<b>-</b>	<b>1 268 621</b>
Housing Grant	(1 017 968)		(1 017 968)	-		-		(1 017 968)
IDP	-		-	-		-		-
LED	1 781 400		1 781 400	87 990		108 697		1 760 694
Library	(29 405)		(29 405)	803 000		247 699		525 896
MSP	-		-	-		-		-
<b>District Municipality Grants</b>	<b>463 598</b>	<b>-</b>	<b>463 598</b>	<b>3 101 360</b>		<b>2 705 042</b>	<b>-</b>	<b>859 917</b>
Food Program	413 598		413 598	-		-		413 598
Sorghum & Processing	-		-	2 200 000		2 200 000		-
Planning & Development	-		-	40 329		40 239		90
Cleaning program	-		-	396 137		153 724		242 413
Revenue Enhancement	-		-	464 894		311 079		153 816
Other	50 000		50 000	-		-		50 000
<b>Other Grants</b>	<b>(684 650)</b>	<b>-</b>	<b>(684 650)</b>	<b>105 863</b>		<b>84 236</b>	<b>-</b>	<b>(663 023)</b>
LGSETA	-		-	105 863		84 236		21 627
Elitheni Coal Mine	(684 650)		(684 650)	-		-		(684 650)
<b>Total</b>	<b>(2 525 097)</b>	<b>5 745 722</b>	<b>3 220 625</b>	<b>109 864 314</b>	<b>(1 354 000)</b>	<b>85 415 248</b>	<b>20 792 761</b>	<b>5 522 930</b>

## APPENDIX M: CAPITAL EXPENDITURE – NEW AND UPGRADE/RENEWAL PROGRAMMES

*Note: Appendix M is not applicable to Emalahleni Local Municipality as it does not have capital expenditure –new and upgrade or renewal programmes.*

## APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

EC136 Emalahleni (EC) - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M08 February

Description	Ref	2012/13	Current year 2013/14					YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget			
<b>R thousands</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>7 749</b>	<b>11 706</b>	<b>18 765</b>	<b>2 490</b>	<b>15 733</b>	<b>18 765</b>	<b>3 032</b>	<b>16.2%</b>	<b>18 765</b>
Infrastructure - Road transport		7 749	10 341	17 401	1 656	14 541	17 401	2 860	16.4%	17 401
Roads, Pavements & Bridges		7 749	10 341	17 401	1 656	14 541	17 401	2 860	16.4%	17 401
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	1 364	1 364	834	1 192	1 364	172	12.6%	1 364
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	1 364	1 364	834	1 192	1 364	172	12.6%	1 364
<b>Community</b>		<b>5 864</b>	<b>9 706</b>	<b>7 344</b>	<b>3 703</b>	<b>6 924</b>	<b>7 344</b>	<b>420</b>	<b>5.7%</b>	<b>7 344</b>
Parks & gardens		-	350	350	281	281	350	69	19.7%	350
Sportsfields & stadia		4 902	6 892	4 054	1 288	4 333	4 054	(279)	-6.9%	4 054
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	2 064	2 064	1 202	1 244	2 064	820	39.7%	2 064
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		54	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		907	-	476	-	135	476	341	71.7%	476
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	400	400	931	931	400	(531)	-132.8%	400
<b>Heritage assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		<b>3 331</b>	<b>18 330</b>	<b>17 900</b>	<b>5 213</b>	<b>14 444</b>	<b>17 900</b>	<b>3 456</b>	<b>19.3%</b>	<b>17 900</b>
General vehicles		256	1 150	1 556	256	1 112	1 556	444	28.5%	1 556
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		260	3 250	7 364	(5)	6 135	7 364	1 229	16.7%	7 364
Computers - hardware/equipment		516	510	435	414	592	435	(157)	-36.1%	435
Furniture and other office equipment		321	460	415	177	444	415	(29)	-6.9%	415
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		1 379	-	-	-	-	-	-	-	-
Civic Land and Buildings		599	12 360	7 530	4 377	6 161	7 530	1 369	18.2%	7 530
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	600	600	(5)	-	600	600	100.0%	600
<b>Agricultural assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		<b>126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming		126	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>17 070</b>	<b>39 742</b>	<b>44 009</b>	<b>11 406</b>	<b>37 101</b>	<b>44 009</b>	<b>6 908</b>	<b>15.7%</b>	<b>44 009</b>

## **APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME**

*Note: Appendix M is not applicable to Emalahleni Local Municipality as it does not have Upgrade or Renewal Programme.*

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2013/14

Project Registration Number	MIS Form ID	Funder	Project Name (incl sub-place) Must be same as in MIG 1	MIG Component (B,P or E)	Approved Budget 2013/14	Expenditure to date	Expenditure in %	TYPE OF PROJECT	Completed with completion certificate/ not	Condition of the project
MIG/EC1951/RST/11/13	177421	MIG	Dukathole to Mnangweni Access Road	B	R 5 651 000.00	R 5 189 107.00	92%	Annual Project	Completed with completion certificate	Good
MIG/EC1876/RST/11/13	177420	MIG	R392 to Fani village Access Road	B	R 3 371 000.00	R 3 341 000.00	99%	Annual Project	Completed with completion certificate	Good
MIG/EC1904/RST/10/12	177413	MIG	Ntshinga to Njombela Access Road	B	R 5 525 000.00	R 5 525 000.00	100%	Annual Project	Completed with completion certificate	Good
EC2013030	214691	MIG	Renavation of Lady Frere Sportfield phase 1	P	R 4 054 000.00	R 4 479 108.46	110%	Multi-Year Project	Multi-Year Project	Work in progress
EC/2012/204	208714	MIG	Traffic Department Establishment in Lady Frere Phase 1 - Lakishi SP	P	R 1 200 000.00	R 1 213 773.85	101%	Multi-Year Project	Multi-Year Project	Work in progress
EC/2012/203	209274	MIG	Development of Landfill Site in Lady Frere - Cacadu SP	B	R 2 820 000.00	R 4 525 575.35	160%	Multi-Year Project	Multi-Year Project	On hold
Registration Process	N/A	MIG	ERECTION OF HAWKER STALLS		R 1 364 000.00	R 1 358 595.00	100%	Annual Project	Completed with no completion certificate	Good
Registration Process	N/A	MIG	Community Hall	B	R 1 364 000.00	R 637 516.13	47%	Multi-Year Project	Multi-Year Project	Work in progress
MIG/EC1883/RST/11/13	177416	MIG	Mhlanga Access Road	B	R 443 950.00	R 466 064.78	105%	Multi-Year Project	Multi-Year Project	Work in progress
		MIG	5% PMU Admin		R 1 364 050.00	R 1 364 050.00	100%			
					R 27 157 000.00	R 28 099 790.57	103%			
N/A	N/A	INEP	Electrification of Tshatshu Village	N/A	R 10 000 000.00	R 10 000 000.00	100%	Annual Project	Completed with Close-out report	Good
N/A	N/A	EPWPIG	Lady Frere Paving	N/A	R 1 000 000.00	R 1 000 000.00	100%	Annual Project	In-house project, continuous	Good



## **APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

*Note: Appendix P is not available to Emalahleni Local Municipality because schools and clinics are the national and provincial competencies respectively.*

## **Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

There is a huge backlog of adequate municipal roads in all the wards in particular relating to:

- Poor condition of roads,
- General lack of maintenance,
- Storm-water control measures.
- Lack of storm water management will result in further damages and increased costs to construct new roads, when the roads are in a critical state of condition and beyond repair.
- Traffic flow and accidents levels can also increase based on deteriorated roads which will place the responsible authority in a negative position.

### **Existing Backlogs**

- a) Household connection backlog is estimated at about 22% currently.

Backlog for businesses is unknown as they have a direct link to Eskom for their installations. However, anecdotal observations indicate that business connection backlogs are relatively low.

- b) Existing Challenges

The following problems are constraining the development of the network:

The high capital costs and therefore high cost per household connection.

- Theft of copper cables and vandalism of Eskom installations. Eskom has a public information programme in place to educate and thereby reduce / eliminate this practice.

Alignment of Eskom planning with the Municipality for both the expansion and the positioning of new systems is essential and will require close co-ordination between both parties. The major critical challenge facing the electrification programme is the sudden reduction of the electrification budget by the Department of Minerals and Energy (DME). The municipality has been in negotiations with DME in an attempt to find a speedy solution.



## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

*Note: Appendix R is not applicable to Emalahleni Local Municipality because there were no loans and grants made during the year under review.*

**APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL  
GOVERNMENT**

**VOLUME II: ANNUAL FINANCIAL STATEMENTS IS ATTACHED**